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The Merchant and the Muse: Commercial Influences on American Popular Music before the Civil War

In what ways and to what extent has business exerted an influence on cultural development? The question has had many answers. Most of these have dealt with the diversion of business wealth to specific cultural ends — the accumulation of great art collections, the importation of Italian villas, the subsidization of noted performers and craftsmen. Considerable attention has also been paid to the direct aesthetic contributions of businessmen who manufactured objects of art, or who were successful in imparting artistic attributes to objects of utility. The present article probes a more subtle but quite possibly more basic kind of business influence. Available evidence suggests that American musical tastes and talents were directly and forcefully molded by the commercial environment itself. Market characteristics of the music publishing trade, pricing policies, associationist activities, and other purely economic circumstances helped determine the nature of musical America. This case study involves a capsule in time and a small segment of the total culture, but its implications are broad and merit further investigation.

When a modern businessman uses a ragtime tune to proclaim the merits of a cigarette, or quotes philosophers to call attention to paper containers, he exhibits the interaction of culture and commerce. An investigation of this interrelationship, however, should avoid oversimplification if real insight is to be attained into both the history of American business and the character of American culture. On the one hand, business is business, with its own complex problems and conditions; on the other, the ways Americans have behaved, thought, worshipped, sung, played, and fought have their own complicated causes and consequences. Yet, just as there can be no doubt about the significant, even decisive, effects of business on American political life or on the American family, so is it equally likely that there should be an interrelationship between business and still other phases of American culture, such as music. While the arts can be examined exclusively as aesthetic phenomena,

in fact they did not occur that way at the outset. They emerged as the consequence of the marriage between the muse and, it may be, the merchant, to name one possible sire.

Two Aspects of American Music, 1855–1865

For a few months in 1855, friends of music in America contemplated the happy circumstance that the finest music of the world was purchasable at half its former price and half the price of the silliest sentimental ballads of the day! New York journalists undoubtedly spoke for such patrons of the arts when they suggested that the innovation in price lists of three large music publishers would make the great works of Mozart, Beethoven, Mendelssohn, Schubert, and others more easily available.[1] In short order, music publishers in the principal eastern cities began a commercial skirmish which successively brought about other price cuts, the establishment of a trade association to govern music publishers in the United States, and an organized consumer revolt against the resultant price-fixing.[2]

Certain aspects of these events suggested the presence of forces in American musical life far more strenuous than the gentle aesthetic influences to which Americans usually attributed their cultural development. Price wars are associated with rapid expansion, risk-taking entrepreneurs, the potential existence both of mass markets and mass means of supplying those markets. Trade associations and professional societies suggest a different tactical approach to the same conditions by the leaders and victims of a dynamic marketing system. These commercial circumstances are of interest in themselves — particularly the early example of trade associationist activity.[3] But how and to what extent did they influence the development of American music? Answers to the question require a brief examination of the musical life of the period.

Within the next decade the United States — hitherto a nation with

[1] *New York Times*, Jan. 1, 1855, through Feb. 1855, published advertisements of the price change; similar advertisements and notices appeared in the *New York Tribune*, Jan. 1 and 12, 1855, and in music journals: *Musical World* (New York), Jan. 6, 13, 20, and 27, 1855, XI, 6, 21, 26–27, 34, 37; *Dwight's Journal of Music* (Boston), Jan. 13 and 27, 1855, VI, 118, 135.

[2] *New York Times*, May 17, 19, 20, 21, 1855; *Musical World* (New York), May 26 and June 2, 1855, XII, 37, 49; *ibid.*, July 25, Oct. 10, 17, 1857, XVIII, 467–68, 647–48, 663.

[3] Emmett Hay Naylor, "History of Trade Associations in America," *Trade Association Activities* (Washington, D.C., 1923), Appendix A, 301–7; Joseph Henry Foth, *Trade Associations* (New York, 1930).

a modest record in the non-literary arts — was to display surprising vitality in at least one such aesthetic realm, music. It is paradoxical to propose the idea that any of the arts flourished in the Civil War. Yet the onset of catastrophe seems to have released the lyric impulse — ironically or pitifully, as one pleases — to make the war as memorable in American musical life as in political, economic, social, and military experience.[4] In the field and at home, old favorites were sung and played all the more frequently and lovingly since war had broken family, church, village, regional, and national patterns of association. New songs spread more rapidly and widely than they ever did before — and Americans still sing them occasionally. Composers, performers, and publishers occupied positions in American society that were more secure than they had ever been previously.

Contemporary opinion holds that the enormous display of physical and emotional energy during the Civil War was not a sudden, spontaneous outburst, but that it was rather the release of capacities developed in the preceding decades of the century. So far had railroads been extended, so far advanced were invention and technology; so far completed were basic economic structures, such as the factory; so adequately integrated into American society were late immigrant groups — and so on — that while constitutional and emotional conflicts led to the *outbreak* of war in 1861, the enormous *scale* and devastating *effects* of the war were the results of mid-nineteenth century social and economic evolution. If the subject of American music be considered in connection with other aspects of American life, one asks whether there is evidence of prewar development which might have led to the increased activity of the war era, and whether the institutional aspects of American music were approaching the level which could respond to the demands of war emotions.

Any general survey of American music during the first half of the nineteenth century indicates an expansion of the taste for professional musical performances. Foreign or native performers could attract city audiences and explore the hinterlands — not without difficulty, to be sure, and with much uncertainty as to response, but steadily and with growing popularity. Native composers faced more

[4] James H. Stone, "War Music and War Psychology in the Civil War," *Journal of Abnormal and Social Psychology*, XXXVI (1941), 543–60. General treatments of American music, such as that of John Tasker Howard, *Our American Music* (New York, 1931), give the Civil War a special chapter and thereby indicate its relative importance. So also do collections of popular and traditional music published for home and civic use, which usually contain several examples of Civil War music but few or no specimens from any other historical era.

chances for failure than for success, but in the Middle Era appeared the bare possibility that they might rise to social, financial, or aesthetic eminence. Teachers and critics of music, by mid-century, found favorable conditions for their work, and they encouraged one another with predictions of a still happier future.[5]

These developments are associated with a slowly rising living standard, an increase in city population, and the accumulation of wealth and leisure through several generations. Within this social setting for the patronage and practice of the arts, the persisting tradition that the arts *should* be cultivated by a civilized society led Americans to start across the musical gap between the frontier and London, Paris, or Vienna at the same time that Irving, Hawthorne, Emerson, Melville, Poe, and Whitman were fostering and responding in literature to the growing American concern with aesthetic and intellectual activity.

There is a difference, however, between these early developments and the phenomena of the Civil War Era. Just as there is a difference between, say, the railroad traffic of 1835 and of 1860, so there is a difference between the scattered audiences and performers who cared for fine music in the Jacksonian Era and the million families in Lincoln's day who purchased copies of Charles Sawyer's "When This Cruel War is Over." The difference is not necessarily in quality. George F. Root's "The Battle Cry of Freedom" is scarcely to be called much better or worse than his earlier "Hazel Dell." Nor is it a difference of sheer quantity, for who could compare the number of times an old favorite hymn, such as "Nearer My God to Thee," or a minstrel tune, such as "Dixie," might be sung before, during, and after the Civil War? It is rather the difference between a professional concern for and a mass response to American music – to a kind of music, moreover, which was neither exclusively associated with a genuine folk tradition, nor exclusively restricted to the aristocratic life of the refined classes; music which was something in between – at best, memorable and worth remembering,

[5] An indirect indication of the rise of musical activity, which is recorded directly in the recollections of participants and in journalistic records of musical events, appears in the increase of special publications in the field of music. The *Musical World* called attention to this phenomenon just before the Civil War, listing 28 music journals which had begun publication since 1821. Many of them were short-lived; a few were trade journals of music publishing houses; but their existence, unique in the field of American art at the time, signifies the growing interest in music in the United States: *Musical World* (New York), Oct. 17, 1857, XVIII, 663. Journals published in Boston are listed and briefly described in Christine M. Ayars, *Contributions to the Art of Music in America by the Music Industries of Boston, 1640 to 1936* (New York, 1937), 78–86.

interesting enough to attract the efforts of musically gifted composers and performers, melodic and simple enough to be widely accepted by people from all kinds of social and educational backgrounds, and culturally stable enough to become associated with the political, the religious, and the economic institutions already existing.[6]

Sheer stamina, talent, and love undoubtedly account in part for the slow spread of musical culture in the United States before 1860. At the same time, the creation and maintenance of various social media for artistic expression shared in the evolutionary process. It seems reasonable to suppose that the potentiality for musical utterance and appreciation was little, if any, less before than during the Civil War. And the lively behavior of the music trades just before the war suggests, in fact, the presence of conditions which, from the business standpoint, were producing growing pains, and, from the aesthetic standpoint, were antecedent to the heightened lyric achievements of the war years. What direct and indirect relationships may have prevailed between these two aspects of American music, the one commercial and the affair of a few entrepreneurs, and the other artistic and the affair of many millions of people?

Evolution of the Music Publishing Trade

After a modest beginning and a gradual expansion in the eighteenth and early years of the nineteenth centuries, music publishing in America grew steadily and at an accelerating rate. To the 26 publishing houses founded before 1820, 20 new firms were added before the end of the decade, 31 between 1830 and 1839, 37 between 1840 and 1849, and 66 between 1850 and 1861. The notable growth, of course, is that which occurred in the decade prior to the Civil

[6] Stone, *op. cit.*; Sigmund Spaeth, *A History of Popular Music in America* (New York, 1948) describes the most popular music of the early nineteenth century in Chapter 3. He comments on the musical or poetic antecedents of many songs. Valuable studies of American choral music have been made by George Pullen Jackson, *White Spirituals in the Southern Uplands* (North Carolina, 1933); and *Spiritual Folk-Songs of Early America* (New York, 1937). Contemporary comments indicate the intermixture of folk, concert, and choral music, each furnishing material to and receiving material from the others and, in turn, presenting it to the public: see *The Message Bird* (New York), Aug. 15, 1849, I, 23–24; *Musical World* (New York), May 15, 1852, III, 285–86; *ibid.*, Jan. 21, 28, 1854, VIII, 26–27, 41–42; *Boston Musical Gazette*, June 27, 1838, I, 36.

War. This expansion of the music publishing business reflected its profit appeal and ease of entry, despite the great risks of failure in such enterprise. Few firms established before 1820 lasted until the Civil War, for instance, while between 1820 and 1860 the number of new firms which lasted less than six years exceeded by one-third the number of firms which remained solvent for a longer period. On the other hand, a score of companies established between 1820 and 1860 set conspicuous and enticing examples by surviving for at least fifty years; a few of these still flourish.[7]

The conditions of the music publishing trade at mid-century were rapidly changing and highly competitive. Certain aspects of the business were archaic as late as 1855; until then, for example, discounts to dealers were still reckoned in shillings and pence.[8] In certain other respects, however, the trade was moving forward with the rest of the business world. Over the years the larger firms, at least, had adopted improvements in printing techniques which decreased their operating costs and increased the volume of their output. After the lithographic process for printing had been patented in England in 1800, it was introduced in the 1820's on a commercial basis, rapidly taking its place beside older processes involving engraving or type. Neither of the latter methods was as suitable for large editions as a modified lithographic process in which the original design on stone was transferred to cheap metal plates. Rounding out a technique which permitted inexpensive preparation and large runs, the cylinder power press, invented in 1850, became commercially available in time for the vast publishing enterprises of the Civil War.[9]

In still other respects, the music publishing business was neither modern nor antique, but simply chaotic. Consider the source of music published in the United States. Some of it came from Europe under what would appear to be extremely advantageous circum-

[7] I have made these calculations from data in Harry Dichter and Elliott Shapiro, *Early American Sheet Music, Its Lure and Its Lore, 1768–1889* (New York, 1941), 166–248. See also William Arms Fisher, *One Hundred and Fifty Years of Music Publishing in the United States, 1783–1933* (Boston, 1933); Oliver Strunk, "Early Music Publishing in the United States," *Papers of the Bibliographical Society of America*, XXXI (1937), 176–79; Ayars, *op. cit.*, 3–98.

[8] *Musical World* (New York), Jan. 6, 1855, XI, 6; *New York Times*, June 9, 1855.

[9] William Gamble, *Music Engraving and Printing* (London, 1923); Edith A. Wright and Josephine A. McDevitt, "Early American Sheet-Music Lithographs," *Antiques*, XXIII (1923), 20–53, 99–102; Ayars, *op. cit.*

stances for American publishers. In the absence of an international copyright agreement, Americans could republish European music without paying either the composer or the original publisher. It was even cheaper to engrave a new edition than to purchase the original plates.[10] But what one American publisher could do, all could do. Competition was consequently severe in the field of non-copyright music, where ease of access to the source of material was combined with the absence of any large market.

What was true as regards stimuli to intense competition arising from the sources of published music was equally true in regard to the market itself. Publishers reached their customers in two ways. They either supplied book sellers, shop keepers, and peddlers with music, or they sold directly to the customer. The latter method, prevalent in the eighteenth century, became uncommon in the Middle Period, when commercial outlets became numerous. Dealers in turn advertised their wares and dealt directly with the consumer. Both they and the publishers, whenever possible, placed music in the hands of popular performers, especially those in minstrel shows, circuses, and theaters, hoping that the prestige of the singer or instrumental group would add appeal to the compositions performed.[11]

Ostensibly, publishers supplied these retail outlets with music at wholesale prices. Actually, they gave discounts in amounts as high as 40 per cent of the listed price. This practice especially prevailed in the publishers' relations with small dealers and, most of all, with teachers of music. The small dealer was not wholly in the music business, and the average teacher's pupils were not very particular about either the quality or the edition of their music. Hence, dealers and teachers shopped the market for their supplies. Publishers, at the same time, were striving to make ends meet in a risky field of enterprise and negotiated whatever arrangements were competitively expedient. Thus the small dealer, the teacher, and the minor western publisher all contributed to a situation of intense competition among major firms.

[10] Richard Rogers Bowker, *Copyright, Its History and Its Laws* (Boston, 1912); *Orpheus* (New York), July, 1868, IV, 4; *Musical World* (New York), Jan. 13, 1855, XI, 21.

[11] Fisher, *op. cit.*, *passim*; *Boston Musical Gazette*, Sept. 19, 1838, I, 84; *Musical World* (New York), May 7, 1853, VI, 2; *ibid.*, Nov. 28, 1857, XVIII, 734; Richardson Wright, *Hawkers and Walkers in Early America* (Philadelphia, 1927); Albert Matthews, "An Early American Music Store," *Nation* (New York), May 12, 1904, LXXVII, 370; Ayars, *op. cit.* Notices in early city directories suggest the combination of more than one trade in the same shop.

By 1855, apparently, these several competitive pressures became severe enough to precipitate a price war. In January, William Hall and Company, of New York, advertised reductions to one-half listed price on all non-copyright music. Within two weeks, two other New York firms, Horace Waters and J. Schuberth, joined Hall, and a third firm, that of S. C. Jollie, although not seemingly collaborating with the others, advertised similar reductions. Hall and his imitators said that they believed that by lowering the price of European music, they would open a larger market for the fine works of the great composers. But principally Hall hoped that reduced prices would bring about less incentive for competitive publishing.[12] John Sullivan Dwight, the principal music critic of the period, underlined the commercial nature of the situation. He pointed out that the new price system would wither the publisher's interest in the European field, where profits would now decline, and increase his activity in the more remunerative area of copyright publication which, Dwight went on to say, was full of the most "superficial, hence trashy stuff that is in vogue: the negro melodies, the namby-pamby sentimental ballads, the flashy fantasias, polkas, waltzes, marches, &c., of native American, or tenth-rate resident German manufacture . . . only made to sell." [13]

Striking as Hall's competitive tactics appeared, they exposed him and his collaborators to unbearable pressure. Interestingly enough, danger to the price-changers did not exist because other firms occupied monopolistic or even commanding positions in the business. Rather, risks of independent action were too great precisely because of a kind of interdependence among publishers. Other firms in New York, Boston, Philadelphia, and Baltimore reacted to Hall's announcement of a price reduction by establishing a boycott whereby none would sell music to or buy music from him or his associates.[14] Such was the condition of the trade that no publisher possessed a stock of copyrighted music varied enough or popular enough to supply all his customers. It was common, therefore, for firms to depend on one another to fill gaps in their stock. Although Hall played his competitors' game and established a counter-boycott, the weight was on the side of his more numerous opponents. He

[12] *New York Times*, Jan. 1, 1855, through Feb., 1855; *Musical World* (New York), Jan. 13, 1855, XI, 21, 26–27; *Dwight's Journal of Music* (Boston), Jan. 13 and 27, 1855, VI, 118, 135.

[13] *Ibid.*

[14] *New York Times*, Jan. 11, 1855.

optimistically announced that he would soon fill out his incomplete stock, but in a few months the effort collapsed.[15]

In May, the firms engaged in the price war and boycotts settled their differences and established a Board of Music Trade. Composed initially of fifteen firms, including Hall and Schuberth among the original price-cutters, the Board promptly stabilized the price of its members' non-copyright music at a level 20 per cent below its cost prior to the price war, and enjoined its members to avoid competitive publishing in the field.[16] The associated firms agreed to a uniform discount on music sold to small dealers (those who kept a stock worth $250 or less). At one-third off wholesale prices, the Board members expected that they could keep dealers in business without themselves engaging in tedious and hectic discount competition. At the same time, the steadier and more reliable demands of large dealers and of Board firms warranted a somewhat higher discount rate for such distributors.[17]

Before the end of the year, the number of members of the Board had doubled; publishing houses in the four most important eastern centers of the trade – New York, Boston, Philadelphia, and Baltimore – were joined by firms in Cincinnati, Louisville, St. Louis, and New Orleans. A restrictive principle in the Board's constitution kept out small companies which had printed less than 1,000 separate pieces of music, a provision especially directed toward minor midwestern companies. Within the Board, four or five houses controlled three-fourths of the approximately $1,000,000 of investment directly represented.[18] The Board's high-water mark of prestige and power probably came in 1858, when the important firm of Horace Waters, one of the first group of rebels in 1855, finally joined the association, and when the Board president, Oliver Ditson of Boston, proudly announced that no member had failed in the depression of 1857.[19]

Thereafter, the importance of the Board of Music Trade declined, largely because it was not able to grow through the years with the trade as a whole. Although this lag did not immediately become apparent, the restoration of full-scale economic activity

[15] *Ibid.*, Jan. 12, May 17, 1855; *Musical World* (New York), Jan. 13, 1855, XI, 21, 26–27.

[16] *New York Times*, May 17-21, June 7 and 9, 1855; *Musical World* (New York), May 26, June 2 and 23, 1855, XII, 37, 49, 86.

[17] *New York Times*, June 7 and 9, 1855; *Musical World* (New York), July 25, Oct. 10 and 17, 1857, XVIII, 467–68, 647–48, 663.

[18] *Ibid.*; *Boston Daily Advertiser*, June 13, 1856.

[19] *New York Times*, June 12, 1857, June 9, 1858.

after the Civil War revealed that new firms outside the Board's circle were more numerous than those within it. Moreover, they were powerful enough to ignore the Board and to set up conditions which the Board members felt obliged to deal with individually rather than collectively. During the war years, Board meetings were postponed or were perfunctory. Thereafter, until the Board's dissolution in 1878, the members gathered annually for purposes which were more social than economic. *The Music Trade Review* provided an epitaph for the organization in its note: "The Music Publisher's Board of Trade is now entirely busted. *Requiescat in pace*. It only met to fine its members for breaking the rules." [20]

As far as can now be ascertained, the Board of Music Trade was a stabilizing but not controlling force in the publishing business before the Civil War, and perhaps during it. Its existence is probably most significant as an indication of the vigorous condition of the trade and of the various tactical approaches used by the entrepreneur to deal with situations of excessive competition.

Publishers, Teachers, and Composers: Controlling Agents in the Promotion of Popular Music

The fact that the Board of Music Trade was a moderating rather than a dictatorial association did not signify that the publishers' hands lay lightly on American musicians and music lovers. On the contrary, the Board's principal achievement, the establishment of uniform practices in pricing, solidified its members' strong position in American musical life, and its policies doubtless had a similar consequence even for non-members. Control over small dealers and agreements satisfactory to themselves and to large distributors of music emphasized the publishers' domination of the music trade. Even more important was the publishers' relationship to music teachers and composers in America.

[20] *New York Times*, June 11, 1856, June 12, 1857, June 9, 1858, Aug. 9, 1860; *New York Music World*, June 13, 1857, XVII, 371; *Musical World* (New York), May 8, 1858, XIX, 289; *Dwight's Journal of Music* (Boston), May 15, 1858, XIII, 54–55; *ibid.*, Aug. 18, 1860, XVII, 167; *ibid.*, July 6, 1861, XIX, 111; *Boston Musical Times*, Aug. 25, 1860, I, 214; *ibid.*, Aug. 5, 1865, VI, 116; *ibid.*, Aug. 4, 1866, VII, 5; *ibid.*, March, 1869, X, 15–16; *Boston Daily Advertiser*, Aug. 8, 1863; *The Musical Review and Music World* (New York), Aug. 13, 1864, XV, 263; *The Musical Independent* (Chicago), Sept., 1870, II, 134; *The Folio* (Boston), Aug., 1871, V, 178; *ibid.*, Aug., 1872, VII, 41; *ibid.*, Aug.–Sept., 1873, IX, 40, 71; *ibid.*, Sept., 1876, XV, 88; *ibid.*, Aug., 1878, XVII, 286; *Brainard's Musical World* (Cleveland), July, 1873, X, 101; *The Music Trade Review*, Nov., 1878, VII, 15.

The Board's policy of fixing and lowering discount rates drastically affected the single largest link in the chain of distribution, the music teachers. It was said that teachers sold three-fourths of the music in the United States.[21] They obtained part of their income by purchasing music at discount and selling it at retail to their pupils. Although it took time for the teachers to realize that the Board had classified them as "small dealers," and had applied its one-third discount rate to them, a score of midwestern teachers finally reached a point of awareness and protest. Gathering in 1857 in Lexington, Kentucky, and in Cincinnati, they formed an "Association of Music Teachers" to resist the "tyrannical monopoly" of the Board of Music Trade. Their published bill of grievances signed by one Paul Schmidt of Walnut Hill, Kentucky, claimed that they needed a discount of at least one-half of the wholesale price if they were to support themselves, and, in the name of "fair competition," they demanded that publishers be free to negotiate even better terms (for the teachers) if they wished. At the same time, the teachers called attention to other business practices which they felt should be changed. They did not wish publishers to encourage competition in retail prices, lest the teachers be at a disadvantage in selling music to their students. They disliked ordering music sight unseen, because the cost of discarding useless material made them all the more dependent on the publishers' favor in the matter of discounts. Finally, according to a critical commentator, the Association wished lower prices to prevail on copyrighted music, which was of American origin. This proposal, apparently, was coupled with a statement on behalf of the welfare of native composers.[22]

Whatever merit the teachers' viewpoint possessed, it had no strength. Most of their pupils could not handle the great master works which occupy a student's talents and aesthetic capacities indefinitely. On the contrary, the prevailing taste and modest abilities of most amateur musicians demanded an endless supply of music which was relatively easy to perform, in harmony with the current sentimental mood, and, if the student were up to it, technically "showy." Since such music rapidly "wore out" aesthetically, teachers and pupils were constantly seeking new material from the publisher. He in turn, by supplying what was most frequently demanded, thereby increased the tendency for popular tastes and talents to maintain their current level. From this circle the teacher

[21] *Musical World* (New York), Jan. 13 and 27, 1855, XI, 26–27.
[22] *Musical World* (New York), July 25, Oct. 10 and 17, 1857, XVIII, 467–68, 647–48, 663.

had no escape, saving that he himself turn composer and publisher. Uniformity or collaboration, which had a steadying if not decisive effect on commerce in music, therefore gave publishers great influence on musical activity in general. Anyone's effort to modify American musical experience had to deal not only with taste and education but also with the commercial relation between dealers, teachers, and publishers.

A strong commercial tone also characterized the connections between publishers and still another personage in the musical world, the composer. One source of the competitive conditions that prevailed in the music trade was the uniform quality of musical composition within the several categories of religious, instrumental, and vocal music. The staples of the music publishers' business were instruction books, hymn books, collections of beginners' exercises, and albums of patriotic or traditional airs endlessly combined and rearranged. Printers and dealers could expect a gradual increase in the demand for such works, but the relative equality of their appeal prevented anyone from realizing great or quick pecuniary returns from them. In only one category of music, that one in which popular fashion prevailed, might music pay quickly and handsomely. This field contained the short lyric or art song and the relatively simple instrumental composition, romantic in style and often based on dance rhythms.

Here a considerable array of typical romantic paraphernalia were gathered together to tempt the public. Nationalistic attitudes in the expanding republic appeared in sheet music which purported to describe, at least by its title or its verses, American scenes and conditions, just as the most honored American poets of the day were associating their moral precepts with the sights and sounds of the American landscape or domestic circle. Battles and heroes, cities and rivers, ships and sailors "inspired" the composer for the popular market. Curiosity was often reflected in such music. An interest in the "someplace else" was particularly lively among Americans who were exploring a continent. As newspapers of the period were enlarging their circulation and their coverage of far-off events, so American sheet music "celebrated" a steamboat race, a new fashion in dress, a natural catastrophe, a political campaign, a new invention, or a Barnum freak. All-pervasive was the romantic urge to attach emotional values to matters which, viewed wholly or rationally, did not possess such values in any strong or lasting way. Excitement, enthusiasm, nostalgia, wonder, grief, or euphoric love were meant to be represented or aroused by music and poetry which

themselves, however, were so convention-bound to brevity and banality that they were emblematic of emotions rather the opposite of those presumably involved.[23]

Withal, American publishers illustrated their sheet music with cover pictures, done in the current manner of literalness in subject and selection of details, romantic in treatment and intended effect. "How delightful the descriptive numbers of a beautiful grove, its representation by a painting, while music completes the charm, by rendering it vocal with the sweet and vivid notes of the feathered songsters!"[24] (Exclamation point, indeed!) The same lithographic technique which improved printing processes for music publishing made American sheet music visually attractive — often more decorative and appealing to the eye than to the ear.[25] Considering the modest skill which the amateur musician possessed and the mediocrity of the music, "The Battle of Prague," which Mark Twain

[23] Dichter and Shapiro have published a classified list of sheet music, but the music itself has yet to be thoroughly analyzed. Sigmund Spaeth comments on the most popular songs of the era. E. Douglas Branch, *The Sentimental Years, 1836–1860* (New York, 1934), emphasizes the degraded romanticism in the arts and customs of the period. Philip D. Jordan, *Singin' Yankees* (Minneapolis, 1946), presents the famous Hutchinson Family and thereby reveals many facets of popular musical life before and after the Civil War. The music journals, in reporting concerts, supply the titles of compositions played or sung, and thus record the potpourri of romantic, sentimental, dramatic, narrative, and topical music which suited the public. The journals also directly comment on such music, in some instances to criticize it and in other instances to provide a rationale for it. For a program of Italian, English, and patriotic American music ("Washington and Liberty") see the *Hartford Courant*, July 1 and 7, 1846. For a satirical and revealing comment on the content of American popular music, *Boston Musical Gazette*, Jan. 9, 1839, I, 146; for a criticism of descriptive music, *Musical World* (New York), Feb. 2, 1852, III, 152; the same for "battle" music, *Message Bird* (New York), Sept. 15, 1849, I, 59–60; and again for the whole of current popular composition, *Dwight's Journal of Music* (Boston), June 11, 1853, III, 79; *ibid.*, Jan. 13, 1855, VI, 118; and for a composer's rationale, that of William Fry (1813–1864), in *Musical World* (New York), Jan. 21, 1854, VIII, 29–34: Fry is discussing his symphony entitled "Santa Claus." Ayars, *op. cit.*, in her lists of Boston publishers, indicates the nature of the publishers' "staples," as do the advertisements in the music journals.

[24] *Boston Musical Gazette*, Nov. 14, 1838, I, 115.

[25] Wright and McDevitt, *op. cit.*; Dichter and Shapiro, *op. cit.*; Jordan, *op. cit.*, 58–60, 73–80, 99, 112, 171, in discussing negotiations between the Hutchinsons and their publishers, indicates that the question of a cover illustration was regularly considered in the bargaining. Oscar G. Sonneck, "The History of Music in America," *Miscellaneous Studies in the History of Music* (New York, 1921), 342–43, predicted accurately that American sheet music might become more valuable for print than for music collectors.

recalled seeing on the pianos in refined Mississippi River Valley homes, may have been prized more for its cover portrait of George Washington than for its music.[26]

Be that as it may, the field of popular balladry and dance music attracted many American composers. Moreover, it was the field wherein the publisher placed his most ambitious hopes and displayed his greatest energy.[27] From one viewpoint, the popular field was in a chronically depressed state: there were so many pieces of music of this type, so uniform in their lack of permanent appeal or value, that prices were low and competition extreme. Publishers expected at least one-half of such works to fail completely. If they sold, in mid-century, 3,000 copies of an instrumental piece, or 5,000 copies of a composition for voice, they considered they had had real success. If they were successful in pleasing the public, the expected $2,000 of profit might be spent to fight copyright infringements or be swallowed up in competing with imitators of the popular composition.

Quick and easy profits occasionally did come by this means, however, and once in awhile the publisher might strike real gold in an "Old Folks at Home" (Foster), which sold 40,000 copies in its first eleven months, or a "Lily Dale" (H. M. Thompson), which sold 65,000 copies. The media of distribution were so far developed and organized that music of a popular kind could be "pushed." The consumers, genuinely eager for some kind of musical experience, were numerous enough to form an attractive potential market. Publishers therefore encouraged composers to aim at the popular market, and

[26] "The Battle of Prague," by the minor Polish composer Franz Kotzware (1730?–1791), was a hardy perennial in America. It is shown in Dichter and Shapiro in an American edition of 1810 with a portrait of Washington on the cover. There is no way of knowing now, however, whether specimens of this edition (or reissues of it) were the ones referred to in Chapter 38 of Mark Twain's *Life on the Mississippi.*

[27] Sonneck, *op. cit.*, 325–44; *Dwight's Journal of Music* (Boston), June 11, 1853, III, 79; *ibid.*, Nov. 11, 1854, VI, 43; *Brainard's Musical World* (Cleveland), June, 1879, XVI, 82; *Musical World* (New York), Jan. 1, 1853, 14; *ibid.*, Nov. 25, 1854, X, 158. In their 1854 issues, Dwight and the *Musical World* both noted the recent U. S. Department of State catalogue of copyrighted sheet music. One hundred and twenty volumes had been collected, divided equally between vocal and instrumental music. An indication of the growth trend is found in the fact that the vocal compositions copyrighted between 1819 and 1834 were included in a single volume, as were those registered between 1834 and 1838. Thereafter, at least two volumes were required to include the vocal numbers copyrighted annually except in one case, the year 1846. From 1847 onward, from five to seven volumes were required for the annual production of copyrighted vocal music.

they continually hoped to expand their success in this area of their trade.[28]

In this situation the composer possessed advantages as well as disadvantages. There was an incentive to devote himself to his art, for well-established outlets existed for compositions of ordinary as well as extraordinary quality.[29] At the same time, he could not expect much reward for his efforts. When failures were so numerous, publishers were restrained in their payments to composers, and they rarely committed themselves to any long-term arrangements to pay royalties or publish all that a composer produced. Since the demand was strongest where quality was nearest the prevailing level of banality, sentimentalism, and simplicity, it was an unusual composer who could convince the publisher or the public that his gift deserved special recognition.[30]

Although he had none of the traditional patrons of music — church, royal house, or wealthy aristocracy — the American composer possessed, in the publishing house, an institutional center for his work. The criteria of taste traditionally cultivated by the ancient custodians of culture were much less conspicuous and influential in America than in Europe. The commercial pressure on the composer, therefore, was especially strong to write for the readiest market, because the incentive to do so came directly from the public and the publisher without the mediating alternative or additional influence of tradition, criticism, and aesthetic wisdom.[31]

Mid-nineteenth-century opinion was not unanimous either in condemning or in praising the effects of commerce on American musical life. On the one hand, journalists and editors were hesitant to condemn exhibitions of a rising interest in music throughout the

[28] *The Musical World and Musical Times* (New York), Sept. 11, 1852, 20, 84; *Dwight's Journal of Music* (Boston), Jan. 13, 1855, VI, 118; *Boston Musical Times*, Aug. 5, 1865, VI, 116; *Orpheus* (New York), July, 1868, IV, 4; John T. Howard, "Stephen Foster and His Publishers," *The Musical Quarterly*, XX (New York, 1934), 77–95.

[29] *Musical World* (New York), Feb. 2, 1852, III, 152; *The Message Bird* (New York), Aug. 1, 1850, II, 405; *Dwight's Journal of Music* (Boston), Jan. 13, 1855, VI, 118.

[30] *Boston Musical Gazette*, Nov. 15, 1838, Feb. 6, 1839, I, 113, 164; *The Message Bird* (New York), Feb. 1, 1850, I, 215; *Boston Musical Times*, X (March, 1869), 15–16; *Musical World* (New York), Nov. 6 and 13, 1852, IV, 147, 155, 166; *Dwight's Journal of Music* (Boston), June 27, 1857, XI, 99; *Musical World and Times* (New York), Sept. 4, 1852, IV, 4; Oscar G. Sonneck, Music Teachers' National Association *Proceedings*, XVIII (1923), 122–47.

[31] Editors of some music journals, notably Dwight, earnestly attempted to remedy this lack of public attention to high aesthetic standards and traditions, and their comments indicate a constant distress at the indifference or ignorance of the public and of performers.

land. They tended to think that both qualitative and quantitative progress was occurring in such essential areas as music education, the publication of music, and musical composition and performance. At the same time, and often virtually in the same breath, they called attention to defects in those same areas of musical life, and were inclined to think that composers, publishers, performers, and the public shared responsibility for an unsatisfactory state of music in America.[32] It was inevitable that their opinions should be mixed, for they were observing the painful and often ludicrous process known as lifting oneself by one's bootstraps. The public, with its meager musical experience and education, wanted novel, simple, sentimental, and familiar music; the composer and performer wanted an audience and an outlet for their talents; the publisher wanted both source and market to expand. Not a single element in the institutional situation encouraged bold leaps and spectacular advances from the existing condition. Rather, all elements tended toward the slow, evolutionary, and institutional growth of improved and more extensive musical behavior.

Culture and Profits

Quantitative forces, intimately connected with business opportunity, exerted a significant influence on American popular music in the mid-nineteenth century. By the outbreak of the Civil War, there existed stable, energetic, and expanding institutions to support and to extend every musical impulse that Americans might possess. It is especially true that these conditions touched men and women of average capacities for music appreciation and performance. For them, a musical world was expanding, descended in one direction from the romantic lyricists and ascending from another direction out of folk or near-folk expression. Commercial considerations, as well as literary, social, and aesthetic habits, affected musical life of this sort in two ways. First, the institutional system stabilized the pattern of popular vocal and instrumental music. The qualitative aesthetic level probably corresponded to the talent of the most numerous class of composers, the third-rate; the skill of the most numerous class of performers, the young amateur; and the taste of

[32] Reports on the "state of music" in various localities appeared intermittently in the music journals. Typical are those in *The Message Bird* (New York), Aug. 1, 1849, Feb. 1, 1850, I, 7, 215; *ibid.*, Aug. 1, 1852, II, 405; *Boston Musical Times*, March, 1869, X, 15-16; *Dwight's Journal of Music* (Boston), June 11, 1853, III, 79; *Musical World* (New York), Feb. 2, Aug. 1, 1852, III, 152, 391-92; *ibid.*, Feb. 12, 1853, V, 98.

the most common type of audience, the domestic and civic gathering. Secondly, because of expanding markets, the distribution system was relatively, if not absolutely, free to respond to changes in taste and capacity, to admit new composers and their works, and to encourage, in some degree, those musical activities whose high aesthetic and low pecuniary rewards were, in one way or another, financed by works with a high commercial but a low aesthetic value.

The institutional structure was permeated by commercial considerations. Reflecting contemporary trends in economic life, the music publishing trade was expansive and competitive, seeking an ever-widening market. Its effect was to provide the institutional means whereby music won an increasingly prominent place in the culture of the common man. The minor monuments of popular taste produced during the Civil War showed their debt to the past in their style, popularity, and wide diffusion, and stood on the economic as well as the aesthetic base constructed in the prewar decades.

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Robert Livingston (1654-1728): Businessman of Colonial New York

¶ Robert Livingston's career provides the first opportunity to consider in detail the emergence of an early New York businessman. Trained in business in Rotterdam, he brought to the New World the experience, knowledge, and techniques of one of the most advanced commercial centers of his day. On the Albany frontier he applied the Old World's business methods to advantage and gradually emerged as a dominant figure in colonial New York. His records and business correspondence leave no doubt that Livingston belonged to that class of businessmen often referred to as sedentary or resident merchants, though he did not employ as many agents and partners as his later, more mature counterparts. Neither did he engage in as many ventures or perform as many functions as the Browns, Hancocks, and other late eighteenth-century merchants, nor did he create an impressive business organization at home or abroad as was customary among certain European contemporaries. Still, as a wholesaler and retailer, importer and exporter, shipowner and land speculator, Livingston was an early New York practitioner of diversified business functions and investments. His extensive land dealings, no doubt motivated in part by the social prestige attached to real estate, were undertaken primarily as a source of credit and revenue. Livingston Manor was operated as a business enterprise: some of it was cultivated on Livingston's behalf, parts were leased to tenants who provided for the Lord of the Manor not only rents but a steady market for the goods he obtained in overseas trading ventures, and other sections were devoted to various manufacturing enterprises. Livingston's political life was an integral and necessary part of his business ventures, which reflected at all points the total instability of most colonial institutions. From the details of Livingston's many-sided commercial life emerges a rare picture of an embryonic business society in which the means were sorely taxed to achieve the ends conceived by ambitious men.

While the New England merchant of the seventeenth century has been subjected to extensive analysis and exploration – most

recently by Bernard Bailyn [1] – the New York merchant of the same era has remained an unknown quantity. A search for monographs or articles on the subject will lead the student of business history to assume that no recognizable merchants existed in New York prior to 1750.[2]

There are several reasons for this immense gap in New York's history. Two of the more noteworthy are: the fragmentary condition of many of the early business records, and the fact that much that has survived the ravages of time was written in seventeenth-century Dutch. The former provides a very real barrier to the formulation of any valid conclusions or generalizations by the scholar. The latter offers certain problems of translation which should not be insurmountable, but apparently have been. Yet, for the business historian, the early New York merchant is of vital significance, since it was he who laid the foundations for New York's amazing development as the nation's business center.

Now a synthesis can be made of the career of at least one of New York's major resident merchants in the late seventeenth and early eighteenth centuries. This has been made possible by the use of a voluminous mass of documents that not only provide fresh insight into New York's political history, but also fill an important gap in its business history. Robert Livingston's career as a politician, landowner, and imperialist has been explored, though never thoroughly or critically. His activities as a prominent New York merchant have never before received even a cursory evaluation by scholars.[3]

[1] *The New England Merchants in the Seventeenth Century* (Cambridge, 1955). See the review of this work in *Business History Review*, XXIX (Sept., 1955), 279–81.

[2] The major studies of New York merchants have been done by Virginia D. Harrington, "The Colonial Merchants' Ledger"; Alexander C. Flick, ed., *History of the State of New York* (10 vols.; New York, 1932–1937), II, 331–74; *The New York Merchant on the Eve of the Revolution* (New York, 1935). Both pertain to the late eighteenth century. Philip L. White's forthcoming *Beekman Mercantile Papers, 1746–1799*, will deal with the same period.

[3] The Livingston-Redmond Mss., Franklin D. Roosevelt Library (Hyde Park, New York), have been made available through the courtesy of Mrs. William H. Osborn, their owner, and Mr. Herman Kahn, Director of the Library. Though used previously in appraising activities in which Livingston was interested, they have never been used to examine Livingston's own career. See, for example, Walter A. Knittle, *The Eighteenth Century Palatine Emigration: A British Government Redemptioner Project to Manufacture Naval Stores* (Philadelphia, 1936); and Bernard Mason, "Some Aspects of the New York Revolt of 1689," *New York History*, XXX (April, 1949), 165–80.

The only detailed studies of Livingston's career are: John A. Krout, "Behind the Coat of Arms: A Phase of Prestige in Colonial New York," *New York History*, XVI (Jan., 1935), 45–52; and Edwin B. Livingston, *The Livingstons of Livingston Manor* (New York, 1910). Since neither of these authors consulted

Born in Ancrum, Scotland, on December 13, 1654, Robert Livingston was the fourteenth child and youngest son of the Reverend John Livingstone, an outstanding divine styled by his contemporaries "The Godly Livingstone."[4] Exiled from Charles II's dominions in 1663 for his refusal to accept the Episcopalian church settlement imposed upon Scotland, the Reverend John Livingstone found sanctuary in cosmopolitan Rotterdam. His wife and two youngest children, Elizabeth and Robert, soon joined him there.[5]

A more fortunate setting for the education of a youth destined for business could not have been found. (Robert's brothers, William and James, were by this time established merchants in Edinburgh.) Rotterdam in the 1660's "was already called 'the second Venice.'" Its brisk trade throughout northern Europe was attracting considerable attention among mercantile groups everywhere.[6] That young Livingston was an apt pupil is clearly shown by his account book for the year 1670. It would appear that he was initiated into the mysteries of business and trade at the tender age of fifteen. How he obtained his initial capital is unknown. It may have been a loan. If so, more than likely it came from one of his brothers-in-law, Andrew Russell or James Miller, both of whom were merchants in Rotterdam.[7]

Be that as it may, the record of his transactions in 1670 begins with a recapitulation of cash on hand, an inventory (flour, pepper, and "lynwaten," a textile), and a summary of his outstanding accounts. There then follows a day-to-day journal of new investments and ventures, including shipments, both as principal and partner, to continental business centers. He shipped rye to Danzig, textiles to Bordeaux, herring to Hamburg, Bordeaux wines to Antwerp, and purchased pepper from the Dutch East India Company. He also participated, as a stockholder, in several of that company's fabulous voyages. On two occasions his investments in such voyages were particularly remunerative, bringing profits of 420 per cent and 415

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the Livingston-Redmond Mss., there is no inkling in either work of the extent of Livingston's mercantile activities.

[4] Livingston, *op. cit.*, 54; Thomas Houston, ed., *A Brief Historical Relation of the Life of Mr. John Livingstone, Minister of the Gospel . . . Written by Himself* (Edinburgh, 1848), 12.

[5] Livingston, *op. cit.*, 50.

[6] Petrus J. Blok, *History of the People of The Netherlands* (translated by Oscar A. Bierstadt and Ruth Putnam, 5 vols.; New York, 1898–1912), IV, 246.

[7] Russell married Janet Livingstone and Miller married Barbara Livingstone. Though no record of the dates of these marriages apparently exists, Janet was twenty-six and Barbara was twenty in 1669. Thus one, if not both, may well have been married by this time. Livingston, *op. cit.*, 52–53.

per cent. At the end of the year he summed up his credits and debits and found, "*Godt Danck*," that he had a net profit of better than 8,000 florins, approximately $3,300 in modern currency, to add to his capital.[8]

After his father's death in 1672, Robert returned to Scotland, and eventually set sail in 1673 for Charlestown, Massachusetts. No record remains of his activities there, though in all probability he associated himself with some Massachusetts merchant until he had become acclimated to his new environment.[9] Undoubtedly he had taken a limited amount of capital with him to the New World, but it was evidently not enough, for he soon found it necessary to borrow. His father's reputation had spread to the Puritan Zion in the 1630's and remained undimmed among the leaders of that community. Livingston was able to borrow against it from John Hull of Boston in October, 1674. Exhibiting a trait at this early date which was to become characteristic of many of his business dealings in later life, Livingston did not display great concern about his obligation and was delinquent in clearing it. In later years his excuse was to be his involvement in the finances of the New York government, but at this time he could offer no real excuse. Nevertheless, in 1679 John Hull took Livingston to task and urged him to send some goods in repayment "that I may have Cause to Say you have Some regard of yo^{r} honnor^{d} fathers Stepps." [10]

The atmosphere of Puritan Massachusetts, with the growing conflict between merchant and clergy for control and direction of the government, could not have seemed too hospitable to Livingston, especially after he had experienced the greater freedom of cosmo-

[8] Livingston's untitled account book, 1670, Livingston-Redmond Mss. (hereafter cited as: L-R Mss.). The heading, translated from the Dutch, is as follows: "Praise God in the month of January in the year 1670 in Rotterdam. Cash-debit in capital of me, Robert Livingston . . . which I carry over here, as well as my goods, debts, and others, forming together the state of my capital, with which I intend to continue the business and intend from now on to place everything in good order in the manner of Italian bookkeeping, for which the Lord may please give me His blessing."

[9] "Anno 1673 Aprile 28 day. A Journal of our good intended voyage," L-R Mss. Since the journal ended abruptly before the landing was recorded, we can only assume that the ship arrived in Charlestown by the end of the summer of 1673. Livingston did not remain long in Massachusetts, because he is recorded as having purchased a lot in Albany in March, 1674/5. Wheeler B. Melius and Frank H. Burnap, comps., *Index to the Public Record of the County of Albany, State of New York 1630–1894: Grantees* (12 vols.; Albany, 1908–1911), VII, 4,588.

[10] Hull to Livingston, Jan. 30, 1678/9 (Boston), L-R Mss. Other examples of this delinquency are found in the letters of John Palmer to Livingston, Oct. 10, 1677 (New York City) and March 16, 1681/2 (Staten Island), L-R Mss.

politan Rotterdam. Furthermore, he could not find the opportunity in Massachusetts to capitalize on one of his major assets – his bilingual fluency in Dutch and English. Thus it was that he departed for Albany, probably in December, 1674, or January, 1675, shortly after the final English conquest of New Netherland. There he would find the freedom from religious controversy that he sought; there he would find the opportunity to make use of his linguistic ability.

On March 16, 1675, he wrote to John Hull of Boston proposing the initiation of a commercial relationship with that merchant. Hull accepted the idea with certain reservations. "I am willing to Correspond with you Soe farr as to Send you what I have by mee iff you Send for it & you to pay mee once in Six moneths in bevers you beareing the Adventure of the goods I Send you and the bever you send me." [11] These terms were quite normal in dealing with a young, untried merchant.

But Livingston was not forced to rely solely upon Hull, for others were also attracted by the possibilities of the fur trade, notably John Pynchon, the Springfield merchant. Before 1674, Massachusetts had a definite interest in the Iroquois trade, an interest spearheaded by Pynchon. But now that New Netherland had become New York, the control of the trade passed firmly into the grasp of the Dutch *handlaers*, or traders, of Albany, and the New Englanders found themselves excluded from any direct participation. Pynchon, desirous of retaining a portion of that trade, altered his business tactics and, on April 28, 1675, entered into a seven-year partnership agreement with Timothy Cooper whereby the latter became Pynchon's resident agent in Albany.[12]

Once in Albany, Cooper must have been faced by a certain degree of hostility, for the *handlaers* were jealous of their monopoly and highly suspicious of English intruders. This was not unusual, since

[11] Hull to Livingston, March 31, 1675, John Hull's Letterbook, 1670–1685 (Mss. in American Antiquarian Society, Worcester, Massachusetts).

[12] Arthur H. Buffinton, "New England and the Western Fur Trade, 1629–1675," *Publications* of the Colonial Society of Massachusetts, XVIII (1917), 177, 183–87; Bartlett B. James and J. Franklin Jameson, eds., *Journal of Jasper Danckaerts 1679–1680* (New York, 1913), 235 fn. Under the Pynchon-Cooper agreement, the former was to supply £300 to £400 worth of goods the first year and £500 to £600 worth every year thereafter, while the latter was to make returns to Boston. In addition, Cooper was to receive a house in Albany, £10 salary the first year and £20 every succeeding year. All profits from the trade were to be divided equally. Pynchon Account Books (6 vols.; Mss. in the Connecticut Valley Historical Museum, Springfield, Massachusetts), V, Part 2, 476–77.

the fur trade was Albany's *raison d'être*, accounting for nine-tenths of the Dutch merchants' business in that frontier outpost.[13] But the young merchant, Livingston, may have offered Cooper the means to circumvent that hostility. The positions of the two men were complementary: Cooper was an Englishman and therefore suspect in the eyes of the *handlaers*, while Livingston would be more readily accepted by them because of his Dutch background. Further, Cooper had extensive credit with Pynchon and an ample supply of goods, while Livingston's capital must have been very meager since he had been forced to float a loan from Hull just a few months earlier. Logically, therefore, both men could have solved their individual difficulties by joining forces, with Cooper acting as a wholesaler supplying goods on credit to Livingston who could then retail them in competition with the *handlaers*.

Though no direct evidence can be offered that such was the case, developments that took place when the Cooper-Pynchon partnership was on the verge of involuntary dissolution are suggestive.[14] Livingston's indebtedness to Cooper must have reached dangerous proportions, for in October, 1678, Pynchon sent his brother-in-law, Elizur Holyoke, to Albany to speak with Livingston about that matter. The latter, however, had left Albany for New York City before Holyoke arrived. Cooper wrote to Livingston urging his return to Albany, otherwise Holyoke "was Resoulved to . . . attach what of yo[rs] he Could find here and then goe down to York to you." At the same time, Holyoke penned a letter to Livingston in the same vein, implying also that Livingston had departed from Albany purposely to avoid him. Holyoke's advice was direct and simple: "as you love your selfe & credit I Advise you to hasten up." [15]

Actually, Livingston had left for New York City on August 14 as

[13] James and Jameson, *op. cit.*, 217; Arthur H. Buffinton, "The Policy of Albany and English Westward Expansion," *The Mississippi Valley Historical Review*, VIII (March, 1922), 330.

[14] The Cooper-Pynchon partnership was about to be disrupted by the action of the New York government. Cooper had written to Pynchon on Feb. 14, 1677/8, relating the story of the treatment received by some New Englanders who were attempting to regain their wives and children who had been taken captive by the Indians. Cooper deprecated the lack of aid offered by the Albany authorities. When that letter was intercepted, it was viewed as "a Schandallizing of this Gouverment," and Cooper was ordered to leave Albany by the spring of 1679. This was probably an aspect of the *handlaers'* hostility towards outsiders. Cooper to Andros, c. Oct., 1678, New York Colonial Mss. (103 vols.; New York State Library, Albany, New York), XXVIII, 28. New York Council Minutes, Oct. 23, 1678, *ibid.*, 27a–27d.

[15] Cooper to Livingston, Oct. 2, 1678 (Albany); Holyoke to Livingston, Oct. 3, 1678 (Albany), L-R Mss.

an official delegate to welcome the new governor, Edmund Andros.[16] Holyoke was readily convinced that official business detained Livingston, for he went down to New York City where, through Governor Andros' intercession, the dispute was resolved. Livingston agreed to deliver some goods to Pynchon in Boston in partial payment of what he owed, and sent a letter to Pynchon in which he promised to mend his ways, especially his procrastination with remittances. "If you Doe as you promised to be sending something," Holyoke warned him, "non need to know but y^t you Did Cleere y^t acc^o w^th me w^n I was at york." [17]

Livingston's difficulties with Pynchon were a part of his larger financial worries during the years 1677–1680. There were numerous rumors circulating in Albany that he was virtually without credit, and an involved libel suit developed in the mayor's court as a result of references to his precarious financial status. Though the suit, to which Livingston was not a direct party, was ultimately dismissed by the court, Livingston made no attempts to sue his detractors, probably because the alleged libels were not entirely without foundation.[18] Livingston's financial embarrassment was due to his tardiness in meeting his debts and also to two other factors — extravagant tastes and non-business ambitions, both of which did little to endear him to the business community.[19] Though fundamentally reliable, he was neither punctual nor meticulous in his business commitments. At the same time, the reluctance of his debtors to meet their obligations to him also contributed to his deteriorating credit in these years.[20]

A means of resolving his financial problems presented itself when Domine Nicholas Van Rensselaer died in November, 1678. A minister of the Dutch Reformed Church, Director of the Colony (i.e., Manor) of Rensselaerswyck, and "black sheep" of his family,[21] Van Rensselaer had married Alida Schuyler, daughter of the well-to-do

[16] Arnold J. F. Van Laer, ed., *Minutes of the Court of Albany, Rensselaerswyck and Schenectady, 1668–1685* (3 vols.; Albany, 1926–1932), II, 348–49.

[17] Holyoke to Livingston, May 8, 1679 (Boston), L-R Mss.

[18] Van Laer, *op. cit.*, II, 189–90, 218–19.

[19] An Albany friend advised Livingston: "Ye report of yo^r extravagances at york & yo^r putting In for oy^r mens places is lyk to purchase you no reputation." William Shaw to Livingston, Oct. 8, 1678 (Albany), L-R Mss.

[20] On several occasions he was forced to apply to the mayor's court to compel his debtors to make good on their contracts. Van Laer, *op. cit.*, II, 175–76, 230–31, 240; III, 20–21, 33–34.

[21] For a sketch of his career, see Lawrence H. Leder, "The Unorthodox Domine: Nicholas Van Rensselaer," *New York History*, XXXV (April, 1954), 166–76.

Albany merchant, Philip Pieterse Schuyler. Even though he had been courting a "Mrs. Susana" as late as October, 1678, Livingston's attention was quickly directed to the widow Alida whom he married in July, 1679. As his friend, Thomas De Lavall, phrased it, he had "now . . . come into ye Ranke of honest men." [22]

The marriage inaugurated a new era in Livingston's business career and in his interest in land, the symbol of position in colonial society. He began an earnest campaign to wrest control of the Colony of Rensselaerswyck, a princely estate of some million acres, from the Van Rensselaer family. He pre-empted as much of the property as he could, assumed all of Nicholas' local debts, had appraisers appointed to value his predecessor's estate, and finally presented an accounting to the Albany mayor's court.[23]

Livingston's plan soon became quite obvious, even to the most credulous. The estate was credited with assets of 3,440 florins, exclusive of Nicholas' interest in Rensselaerswyck, but Livingston paid 5,881 florins to the estate's local creditors. Therefore, he declared, "I debit his share in the colony" for 2,441 florins. That deficit, composed of three intrafamily obligations, incurred a justified skepticism on the part of the court. It was only overcome when the largest family creditor, Philip Pieterse Schuyler, agreed "to swear to the said account and promises at all times, if need be, to make good account with those who might question the same." [24]

Having finally obtained court approval of his administration on December 30, 1680, Livingston proceeded to use it as a lever to bring the Van Rensselaers, majority owners and managers of the Colony, to terms. The heirs of the other original owners had allowed the Van Rensselaers to manage the property and had actually given up all hope of ever reaping a return on their investment. Livingston, therefore, was attempting to stir up a hornet's nest among them when he demanded an accounting from the Van Rensselaers and when he intimated to the other owners that they had been defrauded by the majority owners. Until he received an accounting of his wife's rightful inheritance through her first hus-

[22] William Shaw to Livingston, Oct. 8, 1678 (Albany); De Lavall to Livingston, Aug. 22, 1679 (Esopus), L-R Mss.

[23] Samuel G. Nissenson, *The Patroon's Domain* (New York, 1937), 293. This is the standard work on the development of Rensselaerswyck in the seventeenth century.

[24] The three intrafamily debts were: 1,908 florins to Philip Pieterse Schuyler, Livingston's father-in-law; 172 florins to Peter Schuyler, Livingston's brother-in-law, and a 10 per cent commission of 344 florins to Livingston himself for administration of the estate. Van Laer, *op. cit.*, III, 48-56.

band, Livingston proclaimed, he would retain possession of the Colony and not make any accounting himself.[25]

What Livingston probably did not realize until it was pointed out to him rather forcibly was that Nicholas Van Rensselaer had been a bankrupt, owing a considerable sum to English and Dutch creditors. Livingston was further advised that, by giving preferential treatment to the local creditors, he was now legally responsible for all of Nicholas' debts. The result was a deadlock between Livingston and the Van Rensselaers. A settlement was eventually reached on June 19, 1685, through the mediation of Governor Thomas Dongan. Livingston's prior occupation of segments of the Colony without payment of rent was acquiesced in, he received a payment of 800 schepels (600 bushels) of wheat, and he was completely absolved of all responsibility for Nicholas' debts. In return, Livingston and his wife relinquished all claims to Rensselaerswyck.[26]

Although it cannot be wholly substantiated, there was probably one other unwritten provision to this settlement. Livingston's exercise of his acquisitive instinct by accumulating a landed estate in his own right during the years 1680–1686 was not mere coincidence. Undoubtedly he had the support of the powerful Schuyler clan in his initial attempts, and he probably had the aid of the Van Rensselaers in his concluding efforts. Be this as it may, in this period he made two purchases from the Mahican Indians, one of a 2,000-acre tract on the east side of the Hudson River at Roeloff Jansen's Kill, and another of 600 acres at Taconic on the New York-Massachusetts border. The erection of these two areas by Governor Dongan in 1686 into the Manor of Livingston leads one to suspect that this was Livingston's compensation for having relinquished his claims to Rensselaerswyck. This is particularly likely since the purchases had totaled only 2,600 acres, while the Manor encompassed 160,000 acres.[27]

While the Rensselaerswyck dispute was not finally settled until 1685, Livingston's financial prospects took a definite turn for the better as a result of his marriage. The claims against the Colony and the matrimonial alliance with the powerful Schuyler and Van

[25] Nissenson, *op. cit.*, 293–95.

[26] *Ibid.*, 293–95, 302, 302 fn. Dongan issued a *quietus* to Livingston on Sept. 1, 1685, which completely absolved him from all future claims by Nicholas' creditors. L-R Mss.

[27] Bethold Fernow, ed., *Documents Relating to the History and Settlement of the Towns along the Hudson and Mohawk Rivers (with the exception of Albany), from 1630–1684* (Albany, 1881), 546; Irving Mark, *Agrarian Conflicts in Colonial New York, 1711–1775* (New York, 1940), 32, 32 fn.

Cortlandt clans — Stephanus Van Cortlandt had married Alida's sister, Margaret — elevated Livingston's reputation, status, and credit rating among New York's commercial and business leaders. In fact, only the rumor of his impending marriage was sufficient to attract business correspondents. James Graham, a fellow Scotsman, upon learning of his Albany compatriot's increasing friendship with the widow Alida, wrote offering to become his agent in New York City. "I will *p* every occasione," advised Graham, "send you Turk goods as you shall advise proper for the place; and also if any Barbados goods be proper, viz: Rhum, Maleases, Sugar . . . I haveing a great Quantity of that trade." [28]

Indeed, with his improved business prospects, Livingston was no longer dependent upon John Hull or John Pynchon, but could seek out new and profitable contacts. Shortly before his marriage, he began trading with Stephanus Van Cortlandt of New York City, his prospective brother-in-law. In addition to the ordinary purchase and sale of goods, Van Cortlandt introduced Livingston to new markets by shipping small quantities of merchandise for his brother-in-law's account to Barbados and Amsterdam.[29] Within a few years, Livingston followed up the leads provided by Van Cortlandt and initiated a direct trade on his own account with those markets.[30]

Moreover, in the early 1680's Livingston began trading directly with the London merchant John Harwood. Some fifteen years later Livingston summarized and recorded this business relationship: [31]

> I haveing had a Correspondence with m[r] John harwood for some years who had the Reputacon of a fair dealer, I made an overture to him to send over a Cargo on his Risk out and home and I would allow him 14 or 15 p[ct]. that was 4 p[ct]. Interest 4 p[ct]. assurance out & 4 p[ct]. home being Peaceable times, but y[e] old gent answered he could not doe that under 20 or 25 p[ct]. and so that was broke off in the mean time he dyes 1685 at which time I had sent him y[e] ballance of his account & £70:— over . . . for which I desyred him to send me Returns.

Harwood's refusal to grant credit to Livingston, except at the exorbitant rates cited, was not unusual. It simply indicated that, while Livingston's standing had greatly improved in New York, it had not

[28] Graham to Livingston, April 7, 1679 (New York City), L-R Mss.

[29] Robert Livingston's account current with Stephanus Van Cortlandt, Oct. 7, 1678–April 26, 1681; Van Cortlandt's account of sales for Livingston in Barbados, Jan., 1680/1; Van Cortlandt's account of sales for Livingston on the pink *New York*, 1684 (Amsterdam), L-R Mss.

[30] Robert Livingston's account with Arent Van Dyck and Robert Stanford, 1683 (Barbados); Robert Livingston's account of sales, 1687 (Amsterdam), L-R Mss.

[31] "Memorandum of Rob[t]. Livingston's Case with Jacob harwood," c. Nov., 1695 (hereafter cited as: Livingston Memo, 1695), L-R Mss.

yet been fully established abroad. And English businessmen, after all, were prone to be cautious in granting credit to young, aspiring American merchants and traders. The risks were too great. Unless the beginner possessed some capital of his own, or was highly recommended by or associated with an established New World merchant who was willing to stand security for him, or was known abroad from his previous services as agent, supercargo, or correspondent, London merchants were not at all inclined to be liberal in their business arrangements.[32]

After the elder Harwood's death in 1685, Livingston and Harwood's son, Jacob, negotiated for a year before a "mutual correspondence" was established.[33] During this interval Livingston began a correspondence with another London merchant, John Blackall. Margaret Schuyler, Livingston's mother-in-law, was induced to send a trial shipment of furs to Blackall, and Livingston, presumably, also sent him furs. Blackall thanked the New Yorker profusely for promoting his interests and promised to do all in his power to return the favor. At the same time, he requested "an abstract of w^{t} goods are most vendable, and fittest for y^{e} Indian trade y^{t} will sell for reddy pay soe as to make whole returnes within y^{e} yeare, wthout dribbles or remand^{rs}." [34] Apparently, this business never amounted to very much since there are no records of any further correspondence between the two men at this time.

On the other hand, Livingston's business transactions with Jacob Harwood developed into a substantial relationship which lasted for eight years. In 1687 Harwood shipped, on Livingston's risk, a cargo of hats, stockings, and various textiles valued at £442, while Livingston made returns in beaver and other peltry.[35] However, Livingston "could not putt off the goods the Traders being Stockd," but he urged Harwood to send another shipment "Since a good Trade with y^{e} Indians was Expected next year." The New Yorker promised to pay commission and interest "since I did not desyre he should be a looser by me." In order to make remittances to London, Livingston noted, "I used all endevours for his Satisfaction by Way of Barbados." [36]

[32] Arthur S. Williamson, "Credit Relations Between Colonial and English Merchants in the Eighteenth Century" (unpublished doctoral dissertation, State University of Iowa, 1927), 60.

[33] Livingston Memo, 1695, L-R Mss.

[34] Blackall to Livingston, Jan. 1, 1686/7 (London), L-R Mss.

[35] Livingston Memo, 1695; Invoice of Harwood's shipment to Livingston, March 19, 1686/7, L-R Mss.

[36] Livingston Memo, 1695, L-R Mss. The "good Trade" that was expected refers to the famous Macgregorie expedition to the Ottawa Indians that was

This business arrangement became firmly established during the ensuing years, with Harwood forwarding textiles and similar Indian trade goods to Albany, and Livingston returning furs, bills of exchange on London and Barbados merchants, and vouchers drawn on the Army Victualling Office. As an indication of Harwood's exuberant confidence in Livingston and lack of his father's more cautious business approach, he made only one other shipment on Livingston's risk and account for £547. But he made three other shipments to Albany from 1687 to 1688 on his own risk and account and these totaled over £1,000.[37]

This unexpected flood of goods from London was put to good use by Livingston even though he had not requested the shipments. Actually, they made possible Livingston's first really important public service – the extension of loans to the government. He had found great difficulty in disposing of these goods through normal trade channels because the renewal of hostilities between the French and the Iroquois prevented the expected Indian trade from materializing. More important, those hostilities necessitated a tremendous outlay by the government for the colony's defenses. However, as Governor Dongan had reported, New York's finances were in a "tottering condition," and cash was just not to be had. In this emergency, Livingston, with a plentitude of goods on hand, placed his resources at the Governor's disposal. This meant that Harwood's repayment had to come from the New York government, but "the government of N: Yorke being annexed to N: England & great discords between gov^r Dongan & andross So y^t I could not gett my money." Instead of vendable returns, Harwood had to be content with papers relating to the government's debt of £2,172 to Livingston, for which the latter had obtained as security a mortgage on Dongan's Manor of Castletown, Staten Island. Livingston hoped that these papers would make Harwood "easy that he needed not doubt of his money." [38]

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being planned at the time. See the series of indentures of the participants in the expedition in Lawrence H. Leder, ed., *The Livingston Indian Records 1666–1723* (Harrisburg, 1956), 106–7.

[37] Harwood's shipments on his own risk were received by Livingston as follows: £260 in Nov., 1687, £585 in July, 1688, and £189 in Nov., 1688. "Account of Sales of Mr. Jacob harwood's goods," Sept. 5, 1694; Livingston Memo, 1695, L-R Mss.

[38] Mortgage, May 1, 1689, Miscellaneous Mss. Staten Island, The New-York Historical Society. Livingston Memo, 1695, L-R Mss. Dongan to King, Sept. 30, 1685, Great Britain, Public Record Office, *Calendar of State Papers Colonial Series America and West Indies* (40 vols.; London, 1860–1939), XII, no. 387. (Hereafter cited as: *Cal. State Papers.*) The total indebtedness of the colony's government during Dongan's administration was £6,400. Edward

The Livingston-Harwood trade was further disrupted by the outbreak of the Leisler Rebellion (1689–1691), necessitating Livingston's sudden flight to Connecticut and resulting in the seizure of some of his goods by the rebels. "But to be short – in y[e] years 1691: 92: & 93 when matters in our Province were Settled & as soon as I could gett bills of exchange at any Rate I sends them over to pay my debts & pays the ballance of my account Currant."[39]

Livingston may have thought that he had cleared his accounts with the Londoner, but he was in for a rude shock. Harwood had taken Livingston's promise to pay 6 per cent interest on the two cargoes shipped on Livingston's risk to be a promise to pay such interest on all cargoes sent to New York. In addition, Livingston found that Harwood was charging him 20 per cent of the cargoes' value for "advance." The New Yorker's comment on the latter point was simple and direct: "but for advance I doe not know what it means neither did I ever hear of itt." While Livingston thought his accounts were cleared, according to Harwood's figures he was still indebted for £661, 17s, 8d.[40] This misunderstanding, plus a dispute that developed over expenses incurred by Harwood as Livingston's agent in collecting from the royal treasury the debt owed him by former Governor Thomas Dongan, became factors in the pattern of events that led Livingston to London in 1695.[41]

Before he entertained the idea of making the Atlantic crossing, however, Livingston entered upon another business venture, that of shipowner. This was not at all unusual for seventeenth-century merchants. Often it was mandatory if they were to carry on their mercantile operations successfully and profitably. As early as 1690 Livingston had participated as half-owner in the *Margriet* on her voyage to Madagascar, Barbados, and Virginia, and in 1694 he owned a one-fourth interest in the brigantine *Orange*.[42] In 1693 and 1694 the brigantine *Robert* and two sloops were built in Albany by Livingston and his brother-in-law, Peter Schuyler, at a cost of

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Randolph to John Povey, Oct. 3, 1688, Robert N. Toppan and Alfred T. S. Goodrick, eds., *Edward Randolph, including His Letters and Official Papers from the New England, Middle, and Southern Colonies in America* (7 vols.; Boston, 1898–1909), VI, 267.

[39] Livingston Memo, 1695, L-R Mss.

[40] Livingston's account with Richard Meriwether (acting for Harwood), Aug., 1695 (London); Livingston's account with Harwood, Sept., 1695, L-R Mss.

[41] Lawrence H. Leder, "Robert Livingston's Voyage to England, 1695," *New York History*, XXXVI (Jan., 1955), 16–19.

[42] "Rek vant Ship de Margriet," 1690; Accounts of the *Orange*, 1694, L-R Mss.

£501, 19s, 8½d.[43] The rigging for the vessels was purchased from the Boston merchant, Duncan Campbell.[44]

After launching the *Robert*, equal shares were sold to Brandt Schuyler and Philip French, Jr. The vessel sailed for London on December 3, 1694, consigned to John Blackall and carrying freight valued at £607, 11s, 10d for the accounts of some two dozen prominent New York businessmen. Since Livingston was about to leave for London himself, Blackall was ordered by the four partners to heed Livingston's directions for the ship's dispatch. In addition, Blackall was given a list of goods to be purchased for the partners' account from their earnings in the voyage.[45]

The two sloops built by Livingston and Schuyler were apparently destined for the coastal trade. Livingston made a reference in a memorandum to his one-third "of y^e^ Cargo for y^e^ Sloop Mary bound for Roanoake," and reminded himself to "write to y^e^ mercht there dukenburgh." He also made a notation "To leave orders about y^e^ newfoundland Voyage." The Virginia-bound cargo contained gloves, ribbon, textiles, and other commodities, but no mention was made of the contents of the cargo destined for Newfoundland.[46]

Among the other tasks that engaged Livingston's attention as he prepared for his departure were the settling of his public and private accounts, the gathering of the necessary documents for his cases against Harwood and the New York government, loading goods on several vessels bound for England, leaving orders for the management of his affairs at home, and obtaining letters of recommendation from influential persons such as Governor Andrew Hamilton of New Jersey, Governor Benjamin Fletcher of New York, Colonel Stephanus Van Cortlandt, "& oy^r^ merchants." Van Cortlandt was "to write in my favor to [William] Blathwaite &[John] Povey," two key figures in the operations of the Lords of Trade.[47] Among the letters that he obtained were Governor Hamilton's "to 2 gent at S^t^. Malo if I should be taken" prisoner by the French, and Abra-

[43] "An Account of money Disbursed by Rob^t^. Livingston for y^e^ Materialls and workmanship of three new vessels," Oct. 12, 1694, L-R Mss.

[44] Campbell to Livingston, April 9, 1694, L-R Mss.

[45] "freight List of y^e^ Brigatin Roberdt," Dec. 3, 1694; Robert Livingston, Peter Schuyler, Brandt Schuyler, and Philip French, Jr., to John Blackall, Dec. 3, 1694 (New York City), L-R Mss.

[46] "Memorandum of what I am to doe before I goe off y^e^ 21 Octob 1694" (fragment); Memorandum, Nov. 14, 1695, L-R Mss. The *Mary* made another voyage, this time to Carolina in 1695, and carried £60, 3s, 9d worth of textiles and other haberdashery. It was probably sent out by Alida Livingston. Invoice of goods, Sept. 19, 1695 (Albany), L-R Mss.

[47] "Memorandum of what I am to doe before I goe off y^e^ 21 Octob 1694," (fragment); Memorandum, Nov. 14, 1694, L-R Mss.

ham de Peyster's to his kinsman in Rouen which also requested aid if the New Yorker fell into the hands of a French man-of-war.[48]

On October 11, 1694, Livingston turned his local offices at Albany over to his nephew and namesake, and on the following day gave his wife power of attorney to manage all of his affairs in his absence.[49] On December 9 Livingston and his eldest son, John, boarded the *Charity* headed for London. We do not know why he decided to sail on that vessel rather than on his own *Robert* which left a few days before, but it was a decision he was to regret. It took Livingston some eight months to reach his destination, and he arrived in London only after undergoing a near-shipwreck, extreme privations, and a "grand tour" of Portugal and Spain.[50]

When Livingston finally arrived in London on July 25, 1695, he was naturally preoccupied with such business as collecting his money from the government, settling his dispute with Harwood, making the acquaintance of influential officials, and involving himself in the infamous privateering scheme centered about Captain William Kidd. Yet, he did not forget that he was first and foremost a merchant-businessman. Three days after his arrival in London he began touring the establishments of the various merchants and buying goods for shipment to New York, either on his own account or on that of business friends in New York. Most of the commodities he purchased were textiles suitable for the Indian trade, though other items such as spices and books were also ordered.[51]

By January 2, 1696, Livingston had settled his outstanding accounts with both the royal treasury and Jacob Harwood, though neither settlement was entirely satisfactory. Remaining in London through May, he completed arrangements for Captain Kidd's venture. Finally, in August, he returned to New York, where, during

[48] Andrew Hamilton to John and Bruniss Brakes, Nov. 6, 1694; Abraham de Peyster to Samuel de Peyster at Rouen, Dec. 8, 1694, L-R Mss.

[49] See Livingston's instructions to his nephew appended to the accounts of the Albany excise for March 25–Oct. 11, 1694, L-R Mss.

[50] For a full recital of the events of this exciting voyage, based upon Livingston's own journal, see Leder, "Robert Livingston's Voyage," *op. cit.*, 16–38.

[51] See the following bills in the L-R Mss.: Michael Russell, July 28, 1695; Joseph Brooksbunk, Aug. 8, 1695; Luke Forster (with whom Livingston lodged in London), Sept. 16, 1695; Roger Lillington, Oct. 9, 1695; John Baker, Oct., 1695; Richard Gilbert and Company, Oct. 11, 1695; John Pyke, Oct. 12, 1695; Jeremy Gough and Company, Oct. 21, 1695; John Robert and Company, Dec. 28, 1695; Michael Russell, Jan. 15, 1695/6; John Cutts, Jan. 16, 1695/6; and Joseph Collins, Feb. 8, 1695/6. Livingston's literary tastes were classical, for among the books he purchased were copies of Machiavelli, Plutarch, Livy, and Tacitus, as well as the *Gentleman's Calling*, the *Evening's Conference*, the *Lively Oracles*, and the *State of England*. Bill from Edward Poole, Feb. 7, 1695/6, L-R Mss.

the next two years, he found himself a political outcast as a result of the vicious attacks he had made upon the reputation of Governor Benjamin Fletcher while in London. In retaliation, Fletcher not only placed all possible obstacles in the way of Livingston's collection of the money due him under an order of the King-in-Council to the New York government, but had him suspended from his most remunerative and influential governmental posts as Sub-Collector of the Excise and Secretary for Indian Affairs.[52]

With political outlets for his energies denied him, Livingston turned again to business affairs. In October of 1696 he began a correspondence with the London merchant, Robert Hackshaw, sending a cargo of beaver, other furs, and Jamaica sugar to London by way of Virginia.[53] At the same time he built a house in New York City for £179 and rented it to a tenant for £60 a year.[54] In order to diversify his commercial interests, Livingston also initiated a trade with a former Albany resident, Levinus Van Schaick, who had removed to Amsterdam and set himself up there as a merchant.[55] This new business venture was opened in August, 1697, when Livingston forwarded furs and Van Schaick returned various Dutch goods.[56] For the next few years most of Livingston's overseas trading was to remain in the hands of these two men.

The arrival of a new and friendlier governor, the Earl of Bellomont, in 1698 reopened the doors of political opportunity and distracted Livingston from his purely business concerns. Not only did Bellomont restore the merchant to his former government posts, but he also made him a member of the Governor's Council and the chief victualler for the royal troops stationed at Albany. The latter office was essential to the security of the government and had to be in the hands of a well-to-do merchant because of the lag in the receipt

[52] Leder, "Robert Livingston's Voyage," *op. cit.*, 31–34; New York Council Minutes, Sept. 15, 1696 (Mss. in the New York State Library), VII, 217; Report of a Committee of the New York Council on Livingston's petition for payment, Sept. 10, 1696, New York Colonial Mss., XL, 195.

[53] Invoice of goods in the *William and Mary*, Oct. 13, 1696; Invoice of goods from Hackshaw, Sept. 3, 1697, L-R Mss.

[54] "Account of Expences for y[e] building of My house at N: Yorke [April 3–July 7] 1697," L-R Mss. See also the amusing letter written by Miles Forster to Livingston and addressed "Landlord," Feb. 6, 1699/1700, L-R Mss. Forster, Livingston's unhappy tenant, complained "I cannot afford to give 60£ a year for a house to Sleep in, and especially for One that is not yet made intirely habetable." The floor was "not made Tyte." "The Well offers nothing but Salt water," and there was "not a Chimney peice in the house."

[55] Arnold J. F. Van Laer, ed., *The Correspondence of Maria Van Rensselaer, 1669–1689* (Albany, 1935), 24 fn.

[56] Accounts between Livingston and Van Schaick, Aug. 29, 1697–June 26, 1698; Sept. 10, 1697–May 12, 1699; Feb. 20, 1699/1700, L-R Mss.

from England of funds for the soldiers' pay and subsistence. However, it was a tremendous drain on the capital and credit of the businessman who undertook it. In the two and a half years that Livingston victualled the troops, he advanced £2,588, of which Bellomont repaid £1,392 and that only at the end of Livingston's victualling engagement.[57]

When he undertook the task, Livingston was disturbed at the prospect of immobilizing his funds for so long a period, and he was prompted to propose a novel remedy to Bellomont. Instead of Bellomont's London agent transmitting bills of exchange drawn on the royal treasury for the repayment of the victuallers' advances, Livingston suggested that the funds be used to purchase goods in England "Suteable for this market" which could then be sold in New York at a mark-up of 100 per cent. This procedure, he noted after some complex computations, would net the governor a yearly profit of £1,293 in addition to paying the troops' subsistence. While Livingston did not explicitly so state, the profit could provide a reserve fund to tide the government over whenever the royal treasury was delinquent in clearing its accounts.[58] Bellomont did not accept the idea until he became disgusted with Livingston's importunities for repayment. He then took it up as his own, referring to the "necessity of returning the souldiers pay in trade, that so we may not be at the mercy of these marchands."[59] Nothing came of the scheme, but it is an interesting illustration of Livingston's predominantly business outlook even in governmental matters.

With the death of Bellomont in March, 1701, Livingston again found himself in political trouble.[60] His opponents in control of the government refused to honor the warrants that Bellomont had granted Livingston for his salaries and repayment of his advances. These warrants had been signed over to various creditors from whom he had purchased goods, and when the Collector of New York rejected them, Livingston had to give those creditors personal bonds. This indebtedness amounted to £1,845, of which £1,225 was at 10 per cent interest while the remainder was without interest.[61]

[57] "Gen[ll] Account of Victualling . . . p[mo] May 1698 to p[mo] Nov. 1700," L-R Mss.

[58] Livingston's memorial to Bellomont, Aug. 25, 1698, L-R Mss.

[59] Bellomont to Lords of Trade, Oct. 17, 1700 (New York), *Cal. State Papers*, XVIII, no. 845.

[60] New York Council Minutes, March 5, 1700/1 (Mss. in the New York State Library), VIII, 211.

[61] "Account of what R[t] Livingston owes by Bond with Intrest & without," Sept., 1702, L-R Mss.

In addition, Livingston was still out of pocket the £1,196 which Bellomont had not yet repaid on the victualling account.[62]

As long as Livingston's enemies remained in control of the New York government, redress through political channels was impossible. When the new governor, Lord Cornbury, arrived in 1702, Livingston's hopes were high. But the sybaritic Cornbury was adamant about allowing anyone other than himself to finger the finances of the government, and once again Livingston had to prepare for the arduous journey to the seat of empire.[63]

His second voyage to England in June, 1703, was just as fraught with danger and nearly as disastrous as his first. When the fifty-ton sloop *Thetie*, bound for Bristol, neared the Isle of Lundy it was set upon by an audacious French privateer. The Frenchman treated the sloop and its personnel "very Barbarously," stripping the ship of money, goods, and "every thing he could cary away." They were only saved from being cast adrift by the opportune appearance of Her Majesty's frigate *Rye*, at which point the privateer beat a hasty retreat.[64]

This sojourn in Great Britain was to be a prolonged one, for Livingston found great difficulty both in convincing the royal officials of the justice of his claims, and then in collecting the sums awarded him from Queen Anne's rapacious treasury officials. When he did receive funds from the crown, instead of simply forwarding the cash or credit to New York, he followed the current business practice of making his returns home in goods on which he could make a profit. There was one difficulty in this procedure, however, for the receipt of warrants on the treasury did not always coincide with the departure of the spring fleet to America. Thus Livingston had to resort to credit to obtain goods (primarily textiles and haberdashery, but also iron nails, gun powder and balls, and pewterware) in anticipation of the issuance of the warrants.

Livingston's extensive use of credit can be documented by a comparison of the dates and values of his shipments and his warrants. In March and July, 1704, he consigned two cargoes "to my well beloved wife" with a value of £953, 11s, 4½d, but only received his first warrant, which amounted to £994, 4s, 7d, on October 19,

[62] "Account of Money Receivd of y[e] Late E: of Bellomont," May, 1702, L-R Mss.

[63] For an estimate of the administration of one of New York's worst governors, see Charles W. Spencer, "The Cornbury Legend," *Proceedings* of the New York State Historical Association, XIII (1914), 309–20.

[64] Livingston to Lords Commissioners of Trade, July 9, 1703 (Clovelly, Devon), L-R Mss.

1704.[65] In the next year, the same situation held true, with three shipments being made in March and April that were valued at £834, 16s, 1½d, while the royal warrant for £670 was not forthcoming until April 30.[66] The very fact that Livingston could obtain such extensive credit speaks well for his standing in the London business community at that time.

The prompt payment made for the goods he purchased certainly must have enhanced his standing further, for in January, 1706, the London merchant, James Douglas, consigned a cargo of textiles worth £690, 4s, 2d to Livingston on the Londoner's own "Propper acc^{t} and Risque."[67] The proceeds of his next warrant, £252, 9s, were used to procure £212, 16s worth of textiles which Livingston forwarded to his wife.[68]

The next phase of his business activity in London is especially interesting in the light of the increasingly popular present-day thesis of the importance of family relationships in the conduct of colonial business. From his arrival in the New World to 1695, when he was advised while in London of the death of his mother two years earlier,[69] there is no evidence that Robert Livingston even acknowledged the existence of his family in the Old World. He could not have had any business dealings with his family, of course, since Scotland was excluded from the colonial trade by the Navigation Acts until the passage of the Act of Union in 1707. That, however, does not explain the absence of any personal correspondence with his mother, brothers, or sisters. Not until the last years of the century do we find such a correspondence, and then it was sparked by the possibility of trade. Livingston's brother, William, the Edinburgh merchant, wrote in 1699: "I am grieved that I Saw yu not when you were in England [1695–1696] but cannot blam your attending y^{e} furst opportunitie home. If it please the Lord our Colone [Darien] prosper I hope you will have correspondence with this country in trade."[70] The failure of that Scottish colonization scheme on the Isthmus of Panama precluded the development of

[65] Invoices of goods, March 30 and July 12, 1704; Livingston's notes made in 1706 on "Copy of the Certificate for the Arrears due to the Officers Victuallers & Cloth^{rs} . . . June 29: 1704" (hereafter cited as: Livingston's notes, 1706), L-R Mss.

[66] Invoices of goods, March 31, April 26, and April 30, 1705; Livingston's notes, 1706, L-R Mss.

[67] Invoice, Jan. 15, 1705/6, L-R Mss.

[68] Royal Warrant, Dec. 12, 1705; Invoice, Feb. 14, 1705/6, L-R Mss.

[69] Leder, "Robert Livingston's Voyage," *op. cit.*, 27.

[70] William Livingston to Robert Livingston, Sept. 9, 1699 (Edinburgh), L-R Mss.

such a triangular trade, and in 1700 his two brothers, William and James, died within ten days of each other.[71]

During his second sojourn in Great Britain, however, Livingston did renew contacts with his family. In March, 1706, his cousin, William Livingston, Sr., who had removed to London, shipped 111 dozen bottles of Port wine on his own risk and account to New York. From the note appended to the invoice by William, Jr., son of the Scottish cousin, it would appear that the initiative in this business relationship was being taken by the Old World relatives rather than by the well-to-do American cousin. The younger William Livingston also sent his American cousin a small cargo of textiles on his own risk and account.[72] The extant evidence indicates that Livingston was not enthusiastic about entering into close business transactions with his blood relatives, though he had sent his son, Robert, Jr., to his brothers to be educated.[73]

His affairs having been brought to a successful conclusion by the spring of 1706, Livingston took passage home on the *Unity*. When that vessel put into Gravesend for supplies and Livingston ventured ashore on May 7, 1706, he was taken into custody in a suit filed by a ne'er-do-well London merchant, Sir Richard Blackham, for £700.[74] This suit, the final repercussion of the Captain Kidd affair in which Livingston had become involved in 1695, was a demand by Sir Richard for the return of his investment of £346, 13s, 4d in that ill-starred venture, plus interest.[75] Livingston spent the next four days in the custody of the sheriff of Kent County trying to raise bail from among his London merchant friends, most of whom had departed for the country. Finally, on May 10 the

[71] Janet Livingston Miller to Robert Livingston, n.d. (Edinburgh), received in New York on Oct. 9, 1700, L-R Mss.

[72] William Livingston, Jr., commented: "As to what goods are contained in these Invoyces I make no doubt but what you will dispose of them to y[e] best acco[t] In your poure & as to y[e] Returnes I leave that Intirely to your own Conduct I being very well assured of your friendship & good Inclinations." Invoice of goods, March 15, 1705/6; Invoice of goods, April 13, 1706, L-R Mss.

[73] William Livingston wrote to his brother in New York, Sept. 9, 1699 (L-R Mss.): "if you have a Sun y[t] inclyns to be a schollar I wish y[e] sent him to be educat here." Livingston took up this offer in the winter of 1699, sending Robert, Jr., to his brother, James Livingston. The latter reported "I think it not strange that his Mother was loath to part with him for he appears to be a very pleasant child and will be fitt for anything." James Livingston to Robert Livingston, Jan. 4, 1699/1700 (Edinburgh), L-R Mss.

[74] Warrant of Thomas Snelling, Sheriff of Kent County, May 6, 1706, L-R Mss.

[75] Leder, "Robert Livingston's Voyage," *op. cit.*, 33–34; Robert Livingston to William Livingston, May 9, 1706 (Gravesend), L-R Mss.

£1,900 bail was posted, and Livingston proceeded to London where he and Sir Richard came to an agreement. Livingston gave a bond for £170 to be paid in twelve months' time, while Sir Richard gave him a release from all actions "from y^e^ beginning of y^e^ world unto y^e^ day of y^e^ date of these *p*sents."[76] At Portsmouth Livingston re-boarded the *Unity* and resumed his homeward journey.

Before leaving England, Livingston had arranged with the London merchant, James Douglas, to ship to New York an extraordinarily large consignment of dry goods valued at £1,695, 10s, and occupying some thirteen bales, three trunks, and three cases. The shipment was financed primarily by credit, only £501, 2s, 8d having been paid for in cash, while the balance was obtained from various merchants on four months' credit. Livingston and Douglas were equal partners in the cargo, but the risk was divided in a complex fashion: on that portion which had been purchased for cash, the risk was shared equally by Livingston and Douglas; on the balance, those who had advanced the goods bore the risk until the shipment was received in New York. This consignment, which arrived in New York on November 17, 1707, was supplemented ten months later by a small quantity of merchandise from Levinus Van Schaick of Amsterdam.[77]

The very bulk, variety, and value of this shipment offers a valuable clue to Livingston's intentions. Having spent three years following the English Court from place to place, having been buffeted from one office to another, and having had to endure all the petty politics and graft that encrusted English administration, it would have been most unusual if Livingston had not resolved to devote more of his time and energies to business and less to government and politics. This is the most plausible interpretation of the 1707 shipment, since it was the largest cargo ever sent to Livingston of which we have a record.

Despite his probable intentions, however, he soon found himself caught up in the swirl of governmental affairs. In the spring of 1709 he was elected to the New York Assembly by the Albany burghers.[78] His primary reason for seeking that post was soon evident. Two weeks after taking his seat he introduced a bill to repeal a law that had been passed by his enemies in October, 1701, requiring

[76] Robert Livingston to Captain Patience of the *Unity*, May 11, 1706 (London); Sir Richard Blackham's release, May 10, 1706, L-R Mss.

[77] Invoices, Feb. 28, 1706/7 and Dec. 10, 1707, L-R Mss.

[78] *Journal of the Votes and Proceedings of the General Assembly of the Colony of New York. . . . 1691 . . . 1765* (2 vols.; New York, 1764–1766), I, 239. (Hereafter cited as *Assembly Journal.*)

him to account for every shilling received from or for the government during his entire career.[79] Before this bill could be passed by the Assembly, the Samuel Vetch–Francis Nicholson scheme for an intercolonial conquest of Canada intruded upon the serenity of the Assembly's debates.[80] Then, Livingston became enmeshed in the Indian aspects of the plan.[81] Finally, however, the repeal was approved by the Assembly and Lieutenant Governor in November, 1709.[82] Livingston might well have hoped that he could turn his full attentions to his business activities, but still another imperial scheme thwarted his intentions, entangled both his finances and energies, and altered the entire direction of his business career. This was the famous Palatine settlement in New York.

Briefly stated, the British government was faced with at least four major problems: one humanitarian, two military, and one economic. Some means had to be found of providing for the Palatinate refugees camped on the outskirts of London. There were also the questions of breaking the Scandinavian monopoly on naval stores production, a dangerous situation in wartime, and improving the defenses of New York, the keystone in the defensive perimeter of British North America. Finally, there was a general desire to enable New York to conform more effectively to the mercantilist pattern by developing a staple desired by England. All these problems were to be resolved in a single stroke by the British government: transport the Palatines to New York, settle them on the frontier as a barrier to the French, and have them undertake the production of naval stores.[83]

The first boatloads of the immigrants had come over to New York with Governor John, Lord Lovelace, in 1709, but the project really got under way with the arrival of Lovelace's successor, Robert Hunter, in 1710. The question of finding lands for these settlers was a perplexing one, for most of the attractive lands had been granted with reckless abandon by Fletcher and Cornbury to their favorites, and none of those landowners was willing to come to terms with Governor Hunter. Since the selection of the site was

[79] *Ibid.*, 136, 242–43.

[80] George M. Waller, "Samuel Vetch and the Glorious Enterprise," The New-York Historical Society *Quarterly*, XXXIV (April, 1950), 101–23. George M. Waller, "New York's Role in Queen Anne's War, 1702–1713," *New York History*, XXX (Jan., 1952), 40–53.

[81] For Livingston's role, see "Journall of y^e Negotiation of K: V: Renselaer & R^t Livingston Sending Spys to Canada," May, 1709; Leder, *Livingston Indian Records, op. cit.*, 203–6.

[82] *Assembly Journal, op. cit.*, I, 270.

[83] Knittle, *op. cit.*, 132–34.

left entirely to Hunter, he accepted with alacrity when Livingston offered him 6,000 acres on his Manor and the use of the pine lands nearby for the trifling sum of £400.[84]

This was one of the shrewdest political and business moves ever made by Livingston, for not only did it win him the close friendship of the governor, but it also provided him with the first major group of settlers for his Manor at a time when settlers rather than land were scarce. This labor supply made possible the development of manufacturing facilities such as a grist mill, sawmill, brewery, and iron foundry on the Manor, and provided the opportunity for Livingston to develop a retail trade with a captive market. As a recent commentator phrased it, "How Livingston must have welcomed the Palatine settlements!"[85]

As a part of his bargain with Hunter, Livingston received an exclusive contract to provision the Palatines, furnishing them with bread and "ships' beer." He was to be paid for his services and goods on a bimonthly basis, one-half in cash and the other half in goods, of which one-sixth were to be West Indian (i.e., molasses, sugar, and rum) and the balance European.[86] This contract was a valuable source of profit, and would have been even more advantageous had Hunter been able to obtain the proper financial support from the English government. In a typical two-month period, Livingston delivered some £543 worth of bread and £231 worth of "ships' beer" to the Palatines.[87] Further, the bread was baked and the beer brewed on the Manor by Livingston's workers from ingredients purchased by Livingston's sons, Philip, Gilbert, and, to a lesser extent, Robert, Jr., from the farmers of the Hudson Valley and Long Island.[88] In addition, most of the provisions supplied to the Palatines were transported to the Manor in Livingston's own sloop, the *Caledonia*, which he had had built at the Manor in 1710 for just that purpose.[89] Thus he gained for himself and his sons the profits of purchasing, transporting, and manufacturing.

[84] *Ibid.*, 140–56.

[85] *Ibid.*, 156.

[86] Hunter's contract with Livingston, Nov. 13, 1710. Edmund B. O'Callaghan, ed., *The Documentary History of the State of New York* (4 vols.; Albany, 1849–1850), III, 653–55.

[87] "Ships' beer" was a low-grade brew. Account between Livingston and Hunter, May 26, 1714. New York Colonial Mss., LIX, 36.

[88] Gilbert Livingston to Robert Livingston, July 17, 1712 (Kingston); Philip Livingston to Robert Livingston, June 13, 1712 (Albany); Robert Livingston, Jr., to Robert Livingston, March 28, 1713 (New York City), L-R Mss.

[89] Indenture between Evert Pells, shipwright, and Livingston, June 8, 1710, L-R Mss.

Of course, everything did not run smoothly. Hunter's bills of exchange, given to Livingston as his cash reimbursement, were rejected by the British treasury when that government decided to withdraw its financial support from the Palatine experiment. As a result, Livingston found himself a creditor of Governor Hunter in the amount of £1,967, 17s, 2¼d,[90] and since the contract had been a private one between Livingston and Hunter, the former had no recourse but to bide his time.[91] But even this cloud on the horizon had its silver lining, for if Hunter could not repay him with cash, he could offer him political favors. And so, when Livingston petitioned for a renewal of the patent for the Manor of Livingston in November, 1713, a survey of the Manor was ordered, and a confirmatory patent issued in 1715. This document did not merely confirm Livingston's land title; it also converted the Manor into a pocket borough by granting it a seat in the New York Assembly.[92] This privilege was turned to good public and private advantage by Livingston in later years.

As a result of the failure to produce an appreciable quantity of tar and the withdrawal of the financial support of the English government, the Palatine experiment collapsed by 1713, though Livingston reaped certain benefits from the settlement even after its failure. Many of the Palatines emigrated to other colonies, notably Pennsylvania, but a sufficient number remained on the Manor to enable Livingston to continue his manufacturing and retailing activities.[93] For one thing, Livingston expanded the industrial phase of his activity by establishing an iron foundry on the Manor, purchasing the necessary bellows, anvil, and "Beake Iron" from the Boston merchant, John Borland, in 1713.[94]

The retail activities of the Manor were centered in a storehouse, the contents of which were inventoried on March 4, 1713. The textiles and iron goods on hand were valued at £735, 5s, 4½d.[95] These goods were sold to the inhabitants of the Manor, the largest pro-

[90] Account between Livingston and Hunter, May 26, 1714. New York Colonial Mss., LIX, 36.

[91] John Livingston advised his father: "as for y^r demands on y^e Palentines acc^t bleve itt is y^e Best way to Depend only upon Gov^r Hunter y^u having agreed with him for to Supley them and he by his agreement is become y^r paymaster." John Livingston to Robert Livingston, Feb. 15, 1713/4 (New London), L-R Mss.

[92] Livingston's petition to Hunter, c. Nov., 1713; Hunter's patent to Livingston, Oct. 1, 1715. O'Callaghan, *op. cit.*, III, 685–86, 697. The surveyor's map of Oct. 20, 1714, is to be found in O'Callaghan, opposite 690.

[93] Knittle, *op. cit.*, 189.

[94] Borland to Livingston, Feb. 23, 1712/3 and April 13, 1713, L-R Mss.

[95] Inventory, March 4, 1712/3, L-R Mss.

portion of whom were Palatines, often on credit. There is an accounting of the value of goods sold on credit on a monthly basis from March, 1712, through February, 1714. The smallest amount for any month was £18, 8s, 7d during April, 1713, while the largest was £93, 4s, 7½d in August, 1712. An average indicates approximately £60 a month of credit sales, while the total for the two years was £1,329, 15s.[96] Thus, Livingston had credit sales sufficient to turn over his entire stock once a year.

This extensive retail trade continued beyond the demise of the Palatine experiment as is indicated by the lists of debtors that Livingston periodically compiled. Considering only the debts listed for those living on the Manor, on January 26, 1716, over £891 was owed to Livingston, and on March 5, 1718, more than £791, of which the Palatines owed £379.[97] These Palatine debts declined only gradually; on December 26, 1718, they owed £385, on January 1, 1721, about £356, and on February 1, 1722, some £273.[98] Most of the goods involved in this trade were purchased from New York City merchants such as August Jay and Stephen de Lancey, rather than through a direct trade with England.[99] Actually, Livingston's credit rating in England had taken a precipitous drop with the rejection of Hunter's bills of exchange. Livingston had relied on them to repay James Douglas and the other London merchants who had advanced goods for the £1,695 shipment made in 1707. Samuel Vetch, Livingston's son-in-law, who was in London in 1716, described the attitude of the London creditors in this fashion: they gave Livingston "the worst of names and say if you wete not a rich miser they could forgive the debts but every body from your parts represents you as such to them: had I mony I would have Satisfyd them for your reputation sake."[100]

Once again Livingston was forced to turn to politics, this time to recoup the money he had expended in the Palatine experiment as well as certain past due salaries he claimed. He made use of his

[96] "The posts in y^r Journell Summ'd up . . . to See plainly how much is Sold upon Trust monthly," L-R Mss.

[97] Lists of debtors, Jan. 26, 1715/6 and March 5, 1717/8; List of Palatine debtors, March 1, 1717/8, L-R Mss.

[98] List of Palatine debtors, Dec. 26, 1718; "Debts due by Palatines Living . . . in the Man^r," Jan. 1, 1720/1 and Feb. 1, 1721/2, L-R Mss.

[99] Jay to Livingston, April 9, 1711; de Lancey to Livingston, Feb. 14, 1710/1 and May 18, 1711, L-R Mss.

[100] Vetch to Livingston, Aug. 25, 1716 (London), L-R Mss. This debt was eventually cleared through the efforts of the Attorney General of New York, David Jamison, whom Douglas appointed as his agent. Jamison was also a close friend of Livingston, so that the matter was probably settled amicably. Jamison to Livingston, Dec. 25, 1716, L-R Mss.

pocket borough to gain election to the Assembly in order to make his claims effective when that body considered the famous public debt bill of 1717.[101] However, since the governor supported his claims, he had to support the governor's policies, thus enmeshing himself in the political maneuverings of Governor Hunter and his successor, William Burnet. Becoming one of the key lieutenants of both governors in his position as Speaker of the Assembly, Livingston was once again diverted from business. That diversion was to be final, for the balance of his career was devoted to politics rather than business. Fortunately, his Albany affairs had been turned over to his capable son, Philip, while the management of the Manor was left in the equally capable hands of his wife.

Although interwoven with political and social developments, Livingston's interests and activities until 1717 were basically mercantile. His significance for late seventeenth- and early eighteenth-century New York, therefore, assumes even greater importance, not only because of the wealth of detail available about his business career, but also because of the new light that it sheds upon this neglected, albeit important, area of New York's history.

Any appraisal of Livingston's business career, of course, must take cognizance of certain inherent limitations on the scholar. With so little knowledge available about the activities of contemporary businessmen in New York and England, caution must be exercised in making judgments. While the New England businessman has been subjected to careful scrutiny, the basic differences in the problems facing the business communities of New York and New England tend to invalidate any direct comparisons.[102] For one thing, a considerable amount of the New Englander's energies were devoted to counteracting the influence of the Puritan clergy in government, while the New Yorker found himself welcomed in government circles for the financial support that he could offer the administration.[103] For another, New York's problem of obtaining trade goods for England was not as difficult as New England's. The former's furs provided a direct return, while its grains provided an indirect one. The merchants of New England, however, were required to exercise

[101] "I was Exceedingly Rejoyed when I heard y[t] y[e] assembly had allowed y[e] £1484: — Am glad y[e] did not want my uncle Cuyler vote, and that he & kip &a are defeated, I hope y[e] assembly will find out Easy ways & means to pay y[e] Sums allowd." Philip Livingston to Robert Livingston, Oct. 25, 1717 (Albany), L-R Mss.

[102] Bailyn, *passim.*

[103] Leonard W. Labaree, *Conservatism in Early American History* (New York, 1948), 3, 16–18.

greater initiative and skill in seeking out acceptable commodities in far corners of the world.

Robert Livingston was an early type of the American merchant capitalist, but his success as a businessman cannot be measured solely in terms of the wealth that he amassed, despite the strength that it gave him. Then, as now, the real test of a businessman was his ability to control his diversified and complex activities, as well as his skill in the formulation of policy. In the latter area, Livingston was probably above average as is indicated by his foresight in engrossing the Palatine settlement when no one else had the vision to see its business possibilities. But in day-to-day affairs, he probably cannot be classed among the great businessmen. His control over his business associates was neither strong nor consistent, although the problems of such control were greater then than now. In part, his weakness in this field stemmed from his diversified and scattered ventures. By thus reducing his risks, he augmented his accounting and control problems, for he could never be sure of the exact state of his finances. Only in the later stage of his career, as his interests began to center about his Manor, was this situation alleviated somewhat.

However, Livingston's greatest failing as a businessman was his habitual tardiness in meeting his financial obligations. In a day when a businessman's word was his bond, he was often negligent and used his credit carelessly. As a result, he was not always considered a good risk by his correspondents. This was especially true whenever he became too deeply involved in governmental finance. His ability to postpone the day of reckoning was the result of several factors — the time lag in communications in that period, and his social and political pre-eminence which made creditors hesitant to press him openly.

Indeed, his political and social ambitions, an integral part of the make-up of the colonial businessman, continuously diverted Livingston's attention from purely business matters. Often he became so deeply involved in the government's finances that it may be truly said that his credit was the government's. In the twilight of his life he reflected upon the seventy years that had passed and concluded: [104]

If I had Employd my time & industry in Trade (to w[h] I was bred) Since I came to this Country I might in all Probability (with y[e] Blessing of God) been

[104] Livingston to [Governor Burnet], Nov. 17, 1724, The New-York Historical Society, *Collections for the Year 1934* (New York, 1937), 176–77.

in better Circumstances than now I am tho I Praise God for his goodness I have more than I deserve, and am well Satisfyd with my Lott and Condition.

Political and social ambitions, important as they are, go far to explain the scant attention given by historians to the business career of Robert Livingston. While the business historian may never view him as the example *par excellence* of a nonspecialized merchant capitalist of late seventeenth- and early eighteenth-century New York, he was, nonetheless, a businessman whose career, important in itself, tells much about a little-known era in American business history.

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Louis Houck:
Opponent and Imitator of Jay Gould

History has recorded many instances where inconspicuous competitive units have achieved success in opposing mighty combinations of power. The thesis has been voiced that even in periods of wildest competition the small businessman has not been entirely hapless. His size has been a political asset, and very early he learned to exploit that asset to the utmost. Louis Houck, the Missouri railroader, played the part of David; his Goliath was none other than Jay Gould. Houck not only made capital of his economic vulnerability, but boldly employed the very tactics for which the public was condemning his formidable adversary.

"The average citizen," once stated the *St. Louis Republic* with reference to Louis Houck's railroad career in southern Missouri, "would do well to think a number of times before becoming tangled up with a small railroad, either in its inception, construction, or operation." [1] The newspaper cautioned that the West and South were replete with evidences of wreckage and ruin of private fortunes frittered away by endeavors, harassed by endless litigation, to put through some "jim crow" road.

In a bristling reply to the newspaper, Louis Houck attacked the inference that his railroads were "jim crows" and forcefully reminded his readers that the Gould interests were only too willing to get hold of his railroad property.[2] While Louis Houck seemed, in some respects, to resemble the railroad exploiters outlined in the famous and dramatic railroad account by the Adamses, yet, at the same time, his career also suggests the pattern of substantial New England railroad men presented by Edward Chase Kirkland in his study, *Men, Cities and Transportation.*[3]

Houck did not rise from within the railroad ranks; he entered railroading through other occupations, principally journalism and

[1] *St. Louis Republic*, June 7, 1896.
[2] *Ibid.*, June 10, 1896.
[3] See Charles F. Adams, Jr., and Henry Adams, *Chapters of Erie and Other Essays* (New York, 1886); and Edward Chase Kirkland, *Men, Cities and Transportation* (2 vols.; Cambridge, 1948), particularly Vol. II, 454–74.

law, the latter profession characterized by Kirkland as the *de luxe* training for railroading. Houck was also interested in transportation generally, having served as a director of a macadamized road company. Other diverse economic interests included ownership of a wheelbarrow factory and extensive real estate holdings. As a patron of the self-help movement, he attempted to build libraries, beautify his home city, and guide the destiny of a local college in the capacity of president of its Board of Regents. To relieve himself of business cares, he found satisfaction in genealogical study and research as did some of the New England group. The southern railroad builder found it expedient to be active in politics as did the New England men of the same generation. However, Houck as a southerner was a Democrat, adhering to the views of his closest friend, Senator James Reed of Missouri. He differed primarily from the Kirkland group only in that he was a son of an immigrant; the New England railroad capitalist was "clearly descended from families long established in America."[4] His story of railroading began in 1881, which made him a contemporary of the largest number of New England railroad men chosen for analysis by Kirkland.

In 1881 Louis Houck, often-titled "Empire Builder of Missouri," constructed his first railroad, a fifteen-mile line that ran west from his home town on the Mississippi River, Cape Girardeau, Missouri, to a point on Jay Gould's Iron Mountain system in the southeastern section of that state.[5] The extent of the original equipment was three box cars, one home-built caboose with a propensity for jumping the track, and the "Andrew Giboney," a grunting, puffing engine named for his father-in-law.[6]

Adding sections to his short road, Houck by 1891 completed a hundred-mile railroad which traversed the Iron Mountain triangular system in southern Missouri and was presumably headed for Fort Smith, Arkansas.[7] From 1892 to 1902 he created a second network, approximating 250 miles of line, south of Cape Girardeau.[8] This

[4] Kirkland, *op. cit.*, 467–68. For Houck's ancestry, consult *Who's Who in America*, 1924–25, p. 1,634.

[5] *7th Annual Report of Railroad Commissioners of Missouri*, 1881, p. 33.

[6] Cape Girardeau, Missouri, *Tiger*, March, 1941. Feature story in a high school newspaper by the daughter of Houck's secretary-auditor.

[7] The first railroad consisted of the Cape Girardeau Railway Company, the Cape Girardeau and State Line Railway Company, the Cape Girardeau Southwestern Railway Company, and the St. Louis, Cape Girardeau, and Fort Smith Railway Company. Information obtained from *Reports of Railroad and Warehouse Commissioners of Missouri* and *Poor's Manual of Railroads* for dates indicated above.

[8] The second system consisted of the St. Louis, Kennett and Southern, the Pemiscot Railroad Company, the Kennett and Osceola Railroad, the St. Fran-

southern network intertwined once again the Iron Mountain and also the St. Louis Southwestern, better known as the Cotton Belt, and was destined for Memphis. With St. Louis as the evident terminus, Louis Houck also organized and constructed from 1893 to 1913 a network north of Cape Girardeau. Composed of several different railroad companies, Louis Houck's last project in point of time was eventually consolidated as the Cape Girardeau Northern.[9]

Thus Houck had at one time engaged in the construction of three systems which comprised some 500 miles in southeast Missouri and had also undertaken unsuccessfully the promotion of certain lines in southern Illinois with which he could tie his systems to a possible Chicago outlet.[10] He appeared to be struggling to move north, south, east, and west from his Mississippi River terminus, Cape Girardeau. Despite putting up an audacious fight against the two major railroad concerns identified as Gould property in his home area and even contesting with the St. Louis-San Francisco system, a potential purchaser, Houck eventually appears to have capitulated to the stronger railroad interests. He lost his first line by foreclosure at the turn of the century. Houck's northern system largely disappeared from the face of the Missouri railroad map between the two world wars. The southern system of Houck lines, overcapitalized by its purchasers, was involved in the St. Louis-San Francisco railroad debacle in 1913.[11]

çois Valley Railroad, the Pemiscot Southern, the Clarkton Branch Railroad and Houck's Missouri and Arkansas, Morley and Morehouse, St. Louis, Morehouse and Southern, Cape Girardeau, Bloomfield, and Southern. These companies were consolidated into the St. Louis and Gulf before sold to the St. Louis-San Francisco system. Information obtained from *Reports of Railroads and Warehouse Commissioners of Missouri* and *Poor's Manual of Railroads* for dates indicated above.

[9] The third system included the Chester, Perryville, Ste. Genevieve and Farmington Railway Company, the Chester, Perryville, and Ste. Genevieve Railroad Company, the St. Louis, Cape Girardeau and Southern, the Cape Girardeau and Thebes Bridge Terminal Railroad Company, the Cape Girardeau and Chester Railroad, the Saline Valley Railroad. Information obtained from *Reports of Railroads and Warehouse Commissioners of Missouri* and *Poor's Manual of Railroads* for dates indicated above.

[10] This involved the promotion of the Grand Tower and Cape Girardeau Railroad Company and the Grand Tower and Carbondale Railroad Company of Illinois. See *Poor's Manual of Railroads*, 1890, p. 862.

[11] See *Cape Girardeau Democrat*, Jan. 21, 1899, and Henry Wollman, *Commercial Law Journal*, June, 1933, p. 14, about the ending of the first system; *St. Louis Post Dispatch*, Jan. 11, 1914, and *51st Report on the Statistics of Railways in the United States*, 1937, p. 247, for the ending of the Cape Girardeau Northern; *Cape Girardeau Democrat*, May 3, 1902, and William Z. Ripley, *Railroads, Finance, and Organization* (New York, 1915), p. 41, for the sale of the St. Louis and Gulf.

As a result of such short-line construction in a section of the state which Houck had characterized as "sleeping the sleep of Rip Van Winkle" [12] as far as railroad building was concerned (an incorrect generalization because of the existence of the Gould railroad properties), there arose many anecdotes about the "Empire Builder" of southeast Missouri who "had a penchant for gathering rails – some old, some new, not very heavy – and making a railroad out of them." [13] Such stories tended to favor Houck, perhaps because public sentiment considered him as "a local man fighting a big corporation" [14] and because his section of the state was hoping that its key town on the Mississippi, Cape Girardeau, could hold its own with the more important railroad points on the river and become as a whole wheel "with spokes running south, west, and north, their terminals and headquarters in this city, moved, controlled, influenced, and animated by local interest and enterprise." [15]

Were these public-spirited, well-publicized aims the real inspiration of this short-line railroad builder? Undoubtedly they were in part, but additional motivation also drove Louis Houck and may have been more important to him than the announced objectives of creating at Cape Girardeau another "gateway to the West" or of winning entry into some of the key areas, such as St. Louis or Memphis, by fighting the big corporations. In fact, Houck once described his beginnings in the transportation field as haphazard: "I commenced to build that railroad and after I began to build it I was like the man that caught the wolf. I had the road and it was dangerous to let it go and dangerous to hold on." [16]

Before considering what Houck was really after, it is appropriate to inquire why Houck and his objectives were favorably reported. Houck himself was no novice in the publishing field. As a young man, he had served as an apprentice in his father's printing offices in Illinois and as an editor of a German newspaper, the *Volksblatt*, in Belleville, Illinois, during the Civil War. During his active period of railroad construction, he also became an author of note, with several important works to his credit which caused him to be titled

[12] *Missouri Republican*, Aug. 12, 1869.

[13] *Southeast Missourian* (Cape Girardeau, Missouri), June 28, 1933. These were the descriptive words of Henry Wollman, a lawyer who represented the interests of the Goulds at the time of the purchase of Houck's first system in 1899.

[14] The John Eddy Franklin memoirs published in *The Democrat Argus* (Caruthersville, Missouri), July 14, 1946.

[15] *Cape Girardeau Democrat*, March 6, 1897.

[16] *Statements and Testimony of Railroad Managers*, 34th General Assembly of Missouri (Jefferson City, Mo., 1887), 346–47.

"Missouri's Foremost Historian" as well as "Empire Builder" of the state.[17] Houck, moreover, served as a long-time correspondent to the St. Louis *Missouri Republican*. Knowing the value of publicity, Houck allowed himself to be portrayed as the underdog fighting for his life with the litigious Goulds.

A few examples showing Houck as the hero in litigation resulted in favorable publicity.[18] By 1893 Houck's first railroad was unable to pay interest to its bondholders. On March 3 of that year Eli Klotz, a minor bondholder of the road and identified as one of the Gould crowd, was appointed provisional receiver of the hundred-mile Cape Girardeau railroad by the circuit court judge of Stoddard County in southeast Missouri. Klotz's appointment was to have been rendered permanent on March 13, 1893, when he posted bond. As a quick counter measure, Louis Houck, president of the road, was on March 4, 1893, appointed permanent receiver by a friendly judge of the Cape Girardeau Common Pleas Court. Thus, the Cape Girardeau line acquired the dubious distinction of having two receivers, one provisional and one permanent, appointed within two days by two different courts. To complete the successful Houck maneuverings, friendly members of the Stoddard County bar, "at an early time in the morning"[19] of March 13, 1893, elected Louis Houck's brother, George Houck, temporary county judge in the absence of the regular judge who was to have appointed the Gould representative permanent receiver. Temporary Judge George Houck obligingly annulled the appointment of the Gould representative and found it

[17] See Louis Houck, *A Treatise on the Mechanics Lien Law in the United States* (Chicago, 1867); editor, *Missouri Reports, 1835–37* (15 vols.; Belleville, Ill., 1870); *The Boundaries of the Louisiana Purchase* (St. Louis, 1901); *History of Missouri* (3 vols.; Chicago, 1908); *The Spanish Regime* (2 vols.; Chicago, 1909).

[18] The following Supreme Court cases, widely reported in the Missouri press, were concerned with the fight between Houck and Gould over the possession of the one-hundred-mile Cape Girardeau railroad: "The State ex rel Klotz vs. Ross, et al.," *Missouri Reports*, Vol. 118, Nov. 9, 1893, 23–79; "The State ex rel Merriam, Petitioner, vs. Ross, Judge, et al.," *Missouri Reports*, Vol. 122, June 4, 1894, 435–78; "Merriam vs. St. Louis, Cape Girardeau and Fort Smith Railway, et al., Appellants," *Missouri Reports*, Vol. 126, Jan. 22, 1895, 445–48; "Missouri ex rel Merriam vs. St. Louis, Cape Girardeau and Fort Smith Railway Company," *The United States Supreme Court Reports*, Vol. 156, March 4, 1895, 478–85; "Merriam vs. St. Louis, Cape Girardeau and Fort Smith Railway," *Missouri Reports*, Vol. 136, Dec. 1, 1896, 145–69; "State ex rel Merriam vs. Ross et al.," *Missouri Reports*, Vol. 136, Dec. 1, 1896, 259–75.

[19] See interview of Houck in *St. Louis Republic*, March 15, 1893; also see Robert G. Ranney, "The City's Railroads," *City Directory of Cape Girardeau of 1906*, p. 202.

convenient to adjourn court for the remainder of that term. In retaliation the Gould lawyers requested a writ of mandamus from the Missouri Supreme Court to compel the judge of the Cape Girardeau Court of Common Pleas to vacate his appointment of Houck as receiver and to surrender the railroad property to their man in accordance with the original action of the Stoddard County circuit judge whose position had been usurped. The Supreme Court of Missouri decided in this instance in the interest of Louis Houck by holding Temporary Judge Houck's ruling in the case valid. Typical reporting of the case was as follows: [20]

> The Supreme Court of Missouri has rendered a just decision. It has redeemed itself from the odium cast upon it by some of the people of the great state of Missouri — to wit: that it belonged body and soul to the big railroad corporations. It has decided that George Gould — big as he is — cannot legally in the grand state of Missouri swallow up one of our citizens.
>
> This decision is not only a victory for Louis Houck. It is a victory for Southeast Missouri.

In addition to much litigation of the foregoing nature, there were other colorful actions with the Houck forces pictured in the hero's role and the Gould forces castigated as villains. In one case, Houck was faced with receivership proceedings brought by a stockholder who was charging mismanagement of the southern system.[21] As one newspaper glibly interpreted the affair,[22]

> . . . the conviction is forced upon our mind that this is another move on the part of the Gould crowd to break down Mr. Houck and drive him out of the business of transportation in this portion of the state and intimidate all others from attempting to build any other railroad in this section.

The receiver appointed for Houck's road was Samuel W. Fordyce, president of the St. Louis Southwestern, a road closely allied to the Gould interests.[23] According to the reminiscences of a local Houck attorney, T. R. R. Ely, action became necessary to prevent Fordyce from physically taking over the property until time for legal maneuvering had been gained by the Houck forces. Fordyce and his attorneys had been quartered in a sleeper side-tracked at Kennett, Missouri, one of the principal towns located on the line, during the

[20] *Cape Girardeau Democrat*, June 22, 1896.

[21] See "St. Louis, Kennett and Southern Railroad Company, et al., vs. Wear, Judge, et al.," *Missouri Reports*, Vol. 135, June 30, 1896, 230-69. Also see *St. Louis Globe Democrat*, June 16, 1896; *St. Louis Republic*, June 7 and 10, 1896.

[22] *St. Louis Republic*, June 10, 1896.

[23] See Houck's comment about the Fordyce connections with the Gould interests, *St. Louis Republic*, June 10, 1896.

receivership controversies. North of the sleeper was a freight train loaded with timber. When Ely was informed of the pending court order transferring the property, he instructed the county sheriff to hold his orders while he [24]

. . . immediately went to the yards, and, perhaps in an unethical way instructed the conductor of the freight train to open the switch just north of the sleeper in which the above named officials were quartered and gave the freight train the high-ball which he accordingly did.

With terrific force, according to this account, the train struck the open switch just north of the side track on which the sleeper containing the Gould officials was located. As a result, the side track was torn up for some distance, the timbers on the freight train were hurled in every direction, and the railroad ties were twisted like ox-bows. Although the sleeper was hopelessly blocked, Fordyce and his associates were able to emerge from their private car unharmed. But they were not in time to keep the engine from being cut loose from the wrecked train and run over to the next county. According to Ely, once the Houck forces were safely in the adjoining county, the timbers of the bridge across the river were sawed and made unsafe for a train to cross. It was also reported that no telegraph communication could be obtained by the Gould crowd.

Following this dramatic action, tortuous litigation was started over which county and which judge had proper jurisdiction in the matter. Houck emerged in June of 1896 as the acknowledged winner. At the announcement of the victory, the citizens of Cape Girardeau, led by the Cape City Band and a Light Artillery Company, serenaded Houck at his home, with salutes being fired from a cannon as the band played on.[25] Similar celebrations were staged in other southeast Missouri towns. To have beaten the Gould interests in court and to have out-maneuvered them on the field of action on occasion, if not on all occasions, represented victory in the minds of many a Missourian. As one newspaper commented, "Perhaps in the course of human events, Col. Fordyce and the rest of the Missouri Pacific people who have been moving heaven and earth to down Mr. Houck will learn that it is a little risky to meddle with a buzz-saw." [26]

But the surface newspaper accounts containing the well-stated

[24] Account is from an unidentified newspaper source, undoubtedly a Kennett, Missouri, newspaper, located in the library of Southeast Missouri State College, Cape Girardeau, Missouri. Also see anniversary edition of *The Dunklin Democrat* (Kennett, Missouri), April 19, 1938.

[25] *Cape Girardeau Democrat*, June 27, 1896.

[26] *Ibid.*, July 18, 1896.

objectives of the short-line railroad king do not tell the whole story or resolve the important question of underlying objectives. First of all, there were adverse reports of the Missouri railway commission which suggested that, although solid construction would seem to be a vital factor in fulfilling Cape Girardeau's ambition to become her own "gateway to the West," Houck's railroad building was not designed to be of a permanent nature. In 1891 in a survey of Houck's first enterprise, the railway commissioners reported sixty out of ninety-five miles laid with shattered, splintered, twisted, old, worn-out rails; many trestles and culverts in shaky condition; and the line in need of ditching.[27] One personal reminiscence described his southern system in these terms: [28]

> The road was known locally as the "peavine," because it was so crooked, and sometimes for days at a time there would be no trains, because the one engine and coach would jump the track. . . . At one place just south of Benton, Houck had felled two trees and laid them across a small creek, building his track on this structure instead of the regulation trestle. This caused the track to rise up in order to get on the trestle, and we recall the warning which the conductor always gave the passengers: "Look out, she's going to jump," in order that they might prepare themselves for the sudden change in the level of the roadbed.

An official report on a part of his northern system was as follows: [29]

> It is badly out of repair its entire length of 43 miles. . . . The rails are badly warped and bent and out of alignment. Some of the rails are broken and patched, and some are without any support whatever, and there are broken angle bars almost without number; many of the angle bars are fastened to the rail with one bolt, there being no hole through the rail to permit of the use of a bolt in the other end of the bar. . . . The cuts, without exception, are in deplorable condition, so much so that it is almost impossible for trains to get through them.

Further litigation, one of the chief activities of Houck's career as a short-line railroad builder, also revealed that he was motivated by the hope of obtaining county land subsidies. At first glance it would seem that since Houck had started his building in the late nineteenth century, a period in which such subsidies were rapidly coming to an end, property or land bonuses could not be a part of the motivation for constructing short-line railroads. This seemed particularly true since the depression of 1873 had "turned the ire of the

[27] *17th Annual Report of Railroad and Warehouse Commissioners of Missouri*, 1891, p. 280.

[28] *Charleston Enterprise Courier* (Charleston, Missouri), Feb. 26, 1925, reprinted in the *Missouri Historical Review*, XXI, 133.

[29] *33rd Annual Report of Railroad and Warehouse Commissioners of Missouri*, 1908, p. 127.

farmers and other taxpayers upon the railroads" [30] and as a result, Missouri's Constitutional Convention of 1875 had declared all further county aid illegal. However, Houck attempted to couple construction of the railroad with the plan of building levees in "Swamp-East" Missouri. In one case, he contracted with Wayne County to build a levee twelve feet across at the top, with drains and ditches on each side and openings and culverts to let the water pass through, from the county line to the southern boundary of the St. François River. Timber was to be cut away one hundred feet on either side of the levee. Houck was also to construct a railway on top of the levee and run and operate it within two years, his reward to be 10,000 acres.[31] The Missouri Supreme Court, however, held that the county had exceeded its powers in its negotiations with Houck, and pointed out the true nature of the provisions of the contract: [32]

> The company agrees to dig ditches along the sides of the railroad embankment, so as to drain water into such openings as the company sees fit to make. This is no more than an embankment built for railroad purposes only would require. The law requires every railroad company to make such drains along the sides of its road. . . . It does not make this embankment a levee to call it by that name.

Similar motivation was evident in the construction of Houck's southern system. There an attempt was made to obtain 40,000 acres of land from Pemiscot County by contracting to build ditches and a levee, persuading some railroad to build a line on that levee to ensure its permanency.[33] This scheme also failed, but as it was attempted several years after the Wayne County land fiasco, it at least demonstrated Houck's persistence.

Available, though widely scattered, evidence indicates that Houck's lines were often projected for four other major considera-

[30] Edwin L. Lopata, *Local Aid to Railroads in Missouri* (New York, 1937), 130.

[31] "Cape Girardeau Southwestern Railway Company, Appellant, vs. Hatton, et al.," *Missouri Reports*, Vol. 102, 55.

[32] The following Supreme Court cases are concerned with Houck's attempted land bonus: "The State ex rel Board of Education, Appellant, vs. County Court of Wayne County," *Missouri Reports*, Vol. 98 (1889), 362–68; "Cape Girardeau Southwestern Railway Company, Appellant, vs. Hatton, et al.," *Missouri Reports*, Vol. 102 (Oct., 1890), 45–56; "The William Brown Estate Company, Appellant, vs. Wayne County," *Missouri Reports*, Vol. 123 (June 25, 1894), 464–79; "The St. Louis, Cape Girardeau and Fort Smith Railway, Appellant, vs. Wayne County," *Missouri Reports*, Vol. 125 (Dec. 4, 1894), 351–58.

[33] See the John Eddy Franklin memoirs published in *The Democrat Argus* (Caruthersville, Missouri), running from June 15, 1946, to Aug. 2, 1946.

tions: in the interest of large landowners or lumber companies seeking outlets for their products,[34] in the interest of citizens of southeast Missouri towns anxious for location on some rail line,[35] as an additional connection to a through line, and as an intensified harassment to the larger systems in southern Missouri.[36]

The harassment motive seems so conspicuous as to suggest that Houck may have intended from the first to sell out to litigiously exhausted competitors. In 1887, the year of the greatest gross earnings for Houck's first railroad, and in 1891, the year of his greatest net returns, there were rumors of an offer by Houck to sell out to Jay Gould.[37] In 1902, Houck sold his southern system for a little over a million dollars to the St. Louis-San Francisco system.[38] In 1913 Houck sold his northern system to the same concern for approximately the same price.[39] Local newspapers assigned the following reasons for the various sales: Louis Houck could never be a part of a company he could not himself control, Louis Houck was getting older and needed a well-deserved rest from railroad building, Louis Houck desired to devote himself to still newer construction.[40]

Of the foregoing explanations, only the one that he would continue to plot still further jerry-type construction for future profitable sale seemed in keeping with the general outlines of his earlier career.[41] However, until his death in 1925 at the age of 85, Louis Houck built no more. Rather, he shut the doors of his business

[34] Located on the line of Houck's first system were the William Brown stave factory and the T. J. Moss railroad tie company; on the line of the second system were to be found Gideon and Anderson, sawmill promoters, the Himmelberger-Luce timber interests, C. A. Boynton, owner of sawmills and planing mills, and the Deering lumber interests; on the line of the third system, the Byrd milling interests.

[35] See *Cape Girardeau Democrat*, March 11, 1905, and the Joseph L. Moore reminiscences in the *Cape Girardeau Southeast Missourian*, March 21, 1934.

[36] A quarrel involving Houck with all other major concerns in southern Missouri over location of a railroad bridge can be found in the following cases: "Southern Illinois and Missouri Bridge Company, Appellant, vs. Stone, et al.," *Missouri Reports*, Vol. 174 (April 1, 1903), 1–53; *Missouri Reports*, Vol. 194 (Feb. 26, 1906), 175–89.

[37] *St. Louis Globe Democrat*, Sept. 16, 1891, and *Cape Girardeau Democrat*, Sept. 18, 1891.

[38] *Cape Girardeau Democrat*, April 12, 1902, Sept. 6, 1902.

[39] *St. Louis Post Dispatch*, Jan. 11, 1914.

[40] *Cape Girardeau Democrat*, Sept. 6 and 13, 1902; *St. Louis Republic*, Nov. 4, 1902; *Weekly Republican* (Cape Girardeau, Missouri), Dec. 6, 1912.

[41] See the E. H. Smith reminiscences, *Charleston Enterprise Courier* (Charleston, Missouri), Feb. 26, 1925, for statement of Houck's unfulfilled railroad projects for southern Missouri.

office and in the affluence of later years, devoted his efforts, even as Gould himself, to genealogical and historical pursuits.[42]

Opponent of Jay Gould by proclamation, Louis Houck derived strength and eventual profit from the position of underdog. He cast himself in the popular role of strategic defender of local areas against domination by a great railroad overlord, but his defense lacked long-term substance and his concern for operating efficiency was nominal at best. His success as a professional adversary derived in large measure from his skill in utilizing, on a small scale, the weapons and tactics of the man he chiefly opposed.

[42] For such examples, see *St. Louis Post Dispatch*, Feb. 21, 1925; March 1, 1925; June 1, 1929; *St. Louis Star*, Feb. 21, 1925; *The Missouri Historical Review*, XIX (1925), 475-76.

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The Motor Transportation Revolution

Only recently have business historians turned their attention to the motor transportation industry. Interest in this "new" and obviously important field is well served by an historical analysis of major industry-wide trends. Too often the historian and the businessman alike work without benefit of such perspective. The evolution of the motor transportation industry is here divided into four major chronological divisions, with some summary observations about post-World War II conditions. Major emphasis is laid upon the different developmental patterns exhibited by various motor carrier classifications, upon the competitive interreaction of rail and motor transport interests, and upon the far-reaching effect of state and federal regulation. The history of the motor transportation revolution yields information of value about railroad developments and provides a background for understanding basic twentieth-century trends in commodity distribution.

Alfred Marshall once said that the dominant fact in the industrial development of the western world was not manufacturing but transportation. Since this judgment preceded the full impact of the automotive revolution, it would certainly be even more true today. Highway transportation has matured rapidly in both commercial and private forms, and a sound understanding of the present industry and its conditioning environment requires some knowledge of the factors that have shaped its development.

The purpose of this article is to identify and evaluate those forces which accelerated the development of highway carriage and helped to mold the industry into its specific shape in each of several major developmental periods. The periods reviewed are from the beginning through World War I, the boom of the twenties, the depression and recovery of the thirties, World War II, and the postwar era of rapid economic expansion.

Through World War I

In a rather remote sense motor transportation shares a common ancestry with the steam railroads. After the invention of the steam engine, efforts were made in England to adapt this propulsion

method to the public roads, and a number of coach companies actually commenced operations between 1831 and 1838. However, the immature steel-making techniques did not permit required vehicle strength without entailing weights which made movement over the highways unduly destructive of the surfaces and relatively uneconomical in competing with units operated over steel rails.[1]

Although further efforts along these lines were made in subsequent years, it was not until the perfection of the internal combustion engine many years later that the automotive revolution was born. This triumph resulted from the combined efforts of the German Daimler and the Frenchman Levassor, the former contributing the engine itself and the latter the system of clutch, gears, and differential necessary for applying the combustion energy to the driving wheels of the vehicle to induce motion. The first workable model of the automobile was produced in 1887, the year in which federal regulation of the railroads was instituted. As the railroads fought that movement, they little recognized that two obscure Europeans were concocting further troubles for them which would not be fully felt for many years to come. Ironically, too, the despised imposition of federal regulation was to be invoked by the railroads in the struggle to come.

The next few years were experimental, with the primary emphasis on automobiles for personal movement. The concept of the systematic organization of highway vehicles for commercial purposes was many years away. By 1903, however, a wagon-like adaptation was made in the traditional passenger-car chassis, and the trucking industry was born. In that year test demonstrations of the efficacy of the new medium were conducted in New York, and it matters little now that most of the vehicles were unable to complete the odyssey. Sufficient interest was generated to prompt the automobile manufacturers to turn to the regular production of vehicles designed for the movement of commodities instead of people, and 411 of such units were produced in 1904.

The rapidly increasing number of trucks during the next decade was utilized primarily for local hauling by individual firms. Many companies turned from horse-drawn to mechanical units for delivery purposes. The periodicals of the time, with their detailed articles regarding the advantages of the new method, reflect the enthusiasm of the converts. One testimonial of a large New York brewery revealed that trucking had reduced local delivery costs from 35 cents

[1] Stuart Daggett, *Principles of Inland Transportation* (2nd ed.; New York, 1934), 128–29.

to 15 cents per barrel. In addition, indirect real estate saving accrued from the transition of vast stable areas to garages, which released for other uses 28 city lots worth about $2,000 each.[2] Besides such savings, it was recognized that the substitution of trucks for horse-drawn wagons stimulated business by improving delivery service, both through increasing the number of deliveries feasible in a given section and through extending the delivery radius from about 10 to nearly 50 miles.[3] These and similar advantages and economies were widely recognized. By 1914, 149 concerns operated fleets of over 20 trucks, and 22 firms owned more than 100.

Significant extension of trucking from these early beginnings came in the form of organized commercial operations and the transition from local to over-the-road movements. The record of neither aspect is well kept, but by the middle of the decade both developments were sufficiently rooted to flourish vigorously from the nourishment supplied by the war in Europe. The growing importance of motor transportation is evidenced by the fact that three states – Massachusetts, Pennsylvania, and New Jersey – passed weight and speed-limit laws in 1913. The weight legislation was not particularly restrictive, however, since the limits were set at 14 tons, despite the fact that the loaded weight of few vehicles then in use exceeded five tons.[4] Another evidence of the recognition of this method of conveyance is that by the middle of the decade truck rental systems had appeared, under which the lessor took care of the maintenance. This provided an additional stimulus to the use of trucks, particularly by small firms who could adopt this mode of transportation on an experimental basis without extensive capital outlays and the establishment of expensive repair facilities and specialized maintenance operations.[5]

The war in Europe, which really put motor transportation on its feet, provided a two-pronged stimulus to the industry. Trucks were used extensively in the field, both as ambulances and for the transportation of supplies, with over 130,000 seeing service by all the belligerents by the end of hostilities. The urgent necessities of war required forced-draft developments in technology and operating performance, and the lessons learned were translated into more effective operations on the home front.

[2] J. E. Blaise, "What Motor Trucks Have Saved for a Brewer," *Scientific American*, Vol. 108 (Feb. 22, 1913), 182.

[3] C. H. Spencer, "Business Getters for Small Concerns," *Scientific American*, Vol. 108 (Jan. 18, 1913), 76.

[4] *Scientific American*, Vol. 110 (Jan. 10, 1914), 42.

[5] *Ibid.*, Vol. 112 (May 1, 1915), 396.

More directly, the war produced shortages in transport capacity at home that forced the acceptance and widespread use of motor vehicles long before this would otherwise have been the case. Further stimulus came from the increased operating efficiencies made possible by the adoption of tractor semitrailer units and by the development of the pneumatic tire. Trailer units proved themselves unmistakably in 1916, many of the earlier ones being converted horse wagons. This innovation was simply a recognition of the age-old principle that a propelling unit (whether a man, an animal, or a machine) can pull more than it can carry, with resulting lower unit costs. The pneumatic tire represented a significant contribution through increased operating speeds and through further cost reductions.

The transport-capacity shortage engendered by the war was manifested both in congested rail terminals and in a paucity of over-the-road equipment. As a result, the increasing reliance on motor carriage received the blessing of the overtaxed railroads, which frequently employed trucks in their own terminal operations. For example, at Cincinnati in 1917 the Chicago, Cleveland, Cincinnati, and St. Louis Railroad (the Big Four) substituted trucks for the trap cars used to assemble less-than-carload shipments from the plants of shippers with private sidings.[6] This released a large number of freight cars for line-haul service and increased the effective capacity of freight houses by more continuous movement of freight.

During the war over-the-road services grew apace. Although many lines were extensions of local cartage companies, a number of new firms were established. One company was organized in Philadelphia in December, 1916, with a single five-ton truck. By the next July the number of vehicles had increased to 22, and in the following month regular express service was instituted between Philadelphia and New York. By 1918 the company was operating 57 trucks and handling 200 tons of freight per week.[7] As early as the spring of 1917 regular express service had been instituted between points in New England and Ohio by a fleet of four trucks.[8] A large number of trucks was also employed along the Atlantic seaboard, during this period, carrying a wide variety of commodities which could not be accommodated by the railroads either because of car shortages or because of terminal congestion. Among the commodities handled by a large Philadelphia operator were felt,

[6] *Railway Age*, Vol. 63 (Sept. 7, 1917), 427–28.
[7] *Scientific American*, Vol. 119 (Aug. 17, 1918), 124.
[8] *Ibid.*, Vol. 117 (Nov. 10, 1917), 350.

paper, coal, rugs, stockings, presidential campaign literature, and chemical acids.[9]

Where commercial truck operators failed to enter the market to fill the breach, shippers were prone to establish the required services themselves, sometimes on a co-operative basis. One such case was Western Truck Lines of Chicago, organized by 80 shippers to improve their service, operating over a radius of 52 miles.[10] Altogether, many hundreds of motor truck lines were established during World War I. While most of these lines extended relatively short distances, hauls up to 400 miles were reported.[11] A manifestation of the increasing importance of organized, regular-route service is found in the fact that as early as 1919 the "wildcatter" who followed the traffic was being eyed with suspicion, and the question was being raised as to how to protect the regular-route, scheduled carriers against the "ravages" of this unstabilizing influence.[12]

The wartime government explicitly recognized and actively encouraged motor transportation through the Council of National Defense, which early in its existence established a Highways Transport Committee. The objective of this committee was to increase the effectiveness of all highway transportation and thereby relieve the railroads of part of the heavy freight-traffic burden.[13] This quest led the committee into many activities, including a concerted effort to identify areas in critical need of transport facilities. In addition to the congested areas, the committee discovered examples of such situations as those presented by Carter and Fallon Counties in Montana, where promised railroad connections were not forthcoming to handle the war-induced expansion of grain crop production.[14] Other stimulating activities of the Council of National Defense included assistance to the Railroad Administration in reducing terminal congestion by "store-door delivery" to relieve terminals of freight promptly, the establishment of "return load bureaus" to reduce empty highway-vehicle movement, and the appointment of state highway transport committees under the state Councils of Defense to carry on local developmental functions.[15]

The void in the transport market created by the inadequacy of

[9] *Traffic World,* Vol. 19, Part 2 (April 4, 1917), 803–4.

[10] *Ibid.,* Vol. 23, No. 7 (Feb. 15, 1919), 394.

[11] *Scientific American,* Vol. 86, Supplement (July 13, 1918), 18–19.

[12] *Traffic World,* Vol. 24 (July 12, 1919), 89.

[13] *Second Annual Report of the Council of National Defense* (Washington: Government Printing Office, 1918), 74.

[14] *Traffic World,* Vol. 23 (June 28, 1919), 1,395.

[15] *Second Annual Report of the Council of National Defense,* 75.

rail facilities, the comprehensive developmental programs of the Council of National Defense, and the technical and operational advances engendered by the military itself insured that motor transportation would emerge from the war as a potent factor in the transportation scene. It is significant that, with a minor interruption, the favorable setting induced by the war evolved into an era of rapid economic expansion that continued to nourish this new medium of transport in the following decade.

The Twenties

With the wartime patrons of necessity as a nucleus, truck haulers found themselves in the boom decade of the 1920's in a position to expand rapidly their role in the economy and in the transport market. The number of trucks in service increased from 1,006,000 in 1920 to 3,481,000 in 1930.[16] Owing to increases in vehicle capacity, the volume of traffic advanced even faster. According to one estimate, intercity ton-miles in trucks grew 2½ times, from 4 billion to 10 billion, just in the last half of this decade. Over this same span of years estimated for-hire volume doubled, jumping from 2 billion to 4 billion ton-miles.[17] This impressive advance in ton-miles was a result not only of an increase in the number of tons carried, but also in the distance of movement as the horizons of the trucking industry broadened. Despite these rapid strides, the character of the industry changed but little during the decade. It was characterized throughout this period by a multiplicity of small firms of rapidly changing identity, financial instability, and technological inadequacy. Some of the more significant conditioning factors are described in the following discussion.

Accelerating Factors

As indicated above, the general economic environment of the 1920's was ripe for the rapid development of motor transportation. Not only were the pioneers favored by a rapidly expanding boom economy during this decade, but more specific economic developments were in their favor. Important in this connection was the postwar trend toward smaller inventories by business houses. This development spelled ordering and shipment in small quantities that favored the use of the motor carriers, which were competitively

[16] *Coordination of Motor Transportation*, 182 I.C.C. (1932), 263, 274.

[17] Harold Barger, *The Transportation Industries, 1889–1946* (New York, 1951), 242.

strongest in the merchandise sector of the transport market. To some extent the trend toward smaller inventories was encouraged by the availability of motor carrier services.

Another favorable factor was the secular decline in the prices of vehicles and of such complements as tires and gasoline. At the same time, there were substantial improvements in quality. With 1926 as the base, the tire price index declined from 232.5 in 1920 to 51.3 in 1930, despite the rapid rise in tire quality and tire life.[18] Similarly, service station prices of gasoline dropped substantially during the decade as a result of the discovery of new oil supplies, rapid technological change, and the application of effective mass production and distribution methods, changes which were accompanied by simultaneous improvements in quality. Average service station price for 50 representative cities declined from 29.83 cents in 1920 to 19.95 cents in 1930.[19] Similarly, vehicles themselves were becoming larger and more efficient, while declining in price.

In addition, the decade of the 1920's was one of rapid highway building. During this period the total miles of highway in the rural system remained fairly constant at about 3,000,000, and has held rather steady at about that figure in subsequent years. That the highway building program was intensive rather than extensive is shown by the fact that the surfaced highway mileage increased sharply between 1920 and 1930 from 369,000 to 694,000, a jump of nearly 90 per cent, with the sharpest increase coming in the first half of the decade.[20] This acceleration in growth of surfaced highways is attributable primarily to the pressures of the rapidly increasing numbers of automobile users. It is doubtful whether the commercial carriers by themselves could have brought about comparable results. But it was a windfall that brought substantial benefits.

Additional stimulation came from the sales policies of vehicle manufacturers. It is well known that the boom of the twenties was partly a credit boom, and this area of the economy participated fully in the credit expansion. The favorable credit policies, along with the appearance of a large secondhand market, enabled many operators to get started who would not otherwise have had the necessary financial resources or the bank credit.

[18] Wilfred Owen, *Automotive Transportation: Trends and Problems* (Washington: The Brookings Institution, 1949), 27.

[19] *Ibid.*, 29–30.

[20] U. S. Department of Commerce, Bureau of the Census, *Historical Statistics of the United States, 1789–1945* (Washington: Government Printing Office, 1949), 220.

The Railroads and their Trucking Competitors

When the importance of the developmental influences during this decade is assessed, the attitude of the railroad managements deserves special attention. These carriers were the dominant firms in the transportation arena. To an important extent the rise of motor transportation was a revolutionary development, meeting a fundamental economic need that was virtually irresistible in its force. Attitudes, institutional arrangements, and competitive reactions of the railroads could only serve to accelerate or decelerate the growth – not to turn it on or off.

To an important extent the influence of the railroads was a negative one, in the sense that their *failure* to occupy the scene with substantial investment in motor transport facilities served as an important conditioning factor in the development of the new industry. Railroad attitudes and policies – even in this negative sense – were important with respect to the reaction to the new industry as an active competitor and to their own (railroad) utilization of the new means of transportation.

During and immediately after the war, the railroads were to some extent favorably disposed toward the new participants in the transport market. These years were characterized by a chronic shortage of mobile plant capacity, and the truck operators represented relief from those pressures. Motor transport was particularly identified with local movements that were least profitable to the rail carriers, the diversion of which freed their capacity for use in connection with more lucrative traffic. These vehicles also served to reduce terminal congestion and thus expedite and make more economical the handling of the longer haul business. In addition, the immediate postwar period brought problems of adjustment incident to the return of the rail properties to private management and the rehabilitation of plant necessitated by overworking and undermaintenance during the war.

The first years of the decade were notable primarily for the failure of the railroads to respond actively to motor truck competition. This is in sharp contrast with the much greater concern with bus competition. In the latter case, passenger volume and revenues fell off absolutely, with passenger-miles declining from 47 billion in 1920 to 36 billion in 1926. On the other hand, freight traffic and revenues were expanding apace despite the competition. In 1920 the railroads performed 414 billion ton-miles of service which yielded $4.4 billion in revenues, while corresponding figures for 1926 were

447 billion ton-miles and $4.9 billion.[21] Although the decline in passenger volume was primarily attributable to the competition of the private auto, it was difficult to allocate specifically the division of responsibility for the decline between auto and bus transport. Since the bus appeared to be a means for recovering some of the lost traffic, the railroads early showed substantial interest in this medium. With constantly rising freight tonnage and revenue, it is perhaps easy to understand the relative indifference displayed to truck competition in the early twenties.

One observer of the times, a member of the Washington state regulation agency, is cited as indicating that the indifference of the railroads in adapting to truck competition bordered on stupidity.[22] Perhaps this castigation is too strong, but the evidence is persuasive that the railroad managements did not fully appreciate the significance of the transport revolution that was to condition their entire environment of operations.

One notes in the literature of the time frequent pleas for the institution of rail store-door delivery, suggestions that generally went unheeded, since it was not until the mid-thirties that this service was installed on a substantial basis. There were, however, isolated efforts in this direction. For example, in 1924 in order to meet truck competition, the Oklahoma, New Mexico and Pacific Railroad filed a tariff with the Interstate Commerce Commission providing for pick-up and delivery service by absorbing draying charges not exceeding 2 cents per hundred pounds.[23]

The historic rate structures of the railroads played directly into the hands of their new competitors. The pattern of price discrimination that characterized rate-making from the very beginning placed the heaviest rate burden on the shorter hauls and the high valued manufactured articles for which truck service was best adapted. In many respects, railroad regulation deterred appropriate competitive action. In one important case in this decade, the Interstate Commerce Commission, acting under Section 13 of the Interstate Commerce Act, which confers the power to remove discrimination against interstate by intrastate commerce, held up the level of short-haul rates in Minnesota in a manner which invited additional truck traffic inroads.

In some cases, it should be pointed out, the railroads did attempt

[21] Interstate Commerce Commission, *Statistics of Railways in the U. S.*, 1947, 160.

[22] *Traffic World*, Vol. 30 (Nov. 18, 1922), 1,075.

[23] *Ibid.*, Vol. 34 (Dec. 13, 1924), 1,301.

direct competitive action on a minor scale. In 1921, for example, there was an application to reduce the gasoline rate from Somerset to San Antonio, Texas, a distance of 20 miles, from 25 cents to 19 cents in order to meet truck competition.[24] Such instances were rare, since the carriers were generally unable to agree on the necessity or efficacy of the reduction. In 1921 the Seaboard Air Line and Southern Railroads proposed a rate reduction applicable for distances up to 120 miles in order to meet motor competition. The Atlantic Coast Line, however, refused to accede to the proposal, arguing that trucking for distances of over 50 miles did not constitute a real competitive threat.[25] In other cases, the proposals appear to be curiously perverse. While most railroad spokesmen and disinterested students of the problem were extolling the virtues of truck movement for very short hauls (and by the same token urging its lack of economy for any but such hauls), the Boston and Maine announced a reduction in rates on strictly local, virtually intracity traffic, in an attempt to recover it from truckers. This road at the same time reduced the ferry car minimum weight from 12,000 to 8,000 pounds as part of the same campaign.[26] It was not until the next decade that rate reductions to meet motor competition were seriously undertaken.

Service improvements, another potential competitive response, were also slow in coming and did not achieve great importance until the end of the decade. The general indicators of railroad operating performance such as gross ton-miles per freight train hour and net ton-miles per car day showed substantial improvement after 1923. Such improvement, however, was based on considerations that had no reference to highway transportation.[27] Among such factors were increases in the tractive effort of locomotives and the secular rise in traffic density, both of which were largely beyond the control of management. The efforts made were largely in the direction of expediting service through faster or better timed operating schedules in order to preserve short-haul l.c.l. traffic. Such changes were generally unsuccessful so long as the railroads failed to provide door-to-door service.[28]

[24] *Ibid.*, Vol. 27 (June 4, 1921), 1,211.
[25] *Ibid.*, Vol. 28 (Sept. 24, 1921), 593.
[26] *Railway Age*, Vol. 71 (Nov. 12, 1921), 927. Ferry cars (or trap cars) are used by railroads in terminal service to assemble less-than-carload shipments from shippers with private sidings.
[27] *Coordination of Motor Transportation*, 182 I.C.C. (1932), 263, 329.
[28] *Ibid.*

Railroad Participation in Trucking Operations

Railroads in general maintained an attitude of indifference toward direct participation in trucking operations until nearly the end of the decade. Where such participation was undertaken, it was generally on a strictly supplementary basis, and was frequently performed with hired rather than owned equipment.

Although there were a number of exceptions, the use of hired equipment was the result of conscious policy decisions on the part of the carriers that took the lead in establishing supplementary truck services. The president of the Pennsylvania Railroad, one of the pioneers in setting up trucking auxiliaries, is cited in 1923 as indicating that terminal trucking should be independent rather than railroad operated. He believed that railroading was a complex undertaking in itself, and the use of other technologies should therefore be left to specialists. He further believed that there would be less chance for restrictive legislation if these operations remained independent of the railroads.[29] The New York Central, another pioneer, took a similar view based on early experiences. According to a traffic official of that line, his company was "led more than ever to believe that the railroad itself or through a subsidiary company should not undertake to perform the trucking but should only work with well established trucking lines or where such are not already established to endeavor to have them brought into being." [30] This dictum extended not only to terminal operations but to the limited line-haul trucking operations directed at the elimination of local way-freight trains. Class I railroads operated directly only 5 trucks in line service, while 41 were operated by subsidiaries over 465 miles of route. By contrast, 158 trucks with a route mileage of 2,890 miles were operated for their account by others.[31]

Where line-haul truck services were introduced, whether by owned or hired equipment, rail rates generally applied.[32] Even by the end of the decade, supplementary service to off-rail points was distinctly limited. Most cases of such service were accounted for by the divergence of rail and highway routes and the consequent transit of intermediate highway points which were not on the rail line.[33]

Railroad-sponsored truck services at the going truck rates, con-

[29] *Railway Age*, Vol. 74 (Feb. 10, 1923), 386.
[30] *Ibid.*, Vol. 77 (Dec. 13, 1923), 1,070.
[31] *Motor Bus and Motor Truck Operation*, 140 I.C.C. (1928), 685, 720.
[32] *Coordination of Motor Transportation*, 182 I.C.C. (1932), 263, 336.
[33] *Ibid.*, 338.

ducted independently of rail operations, were even more limited. While it was commonly urged during the period that railroads could best protect themselves against competitive erosion of revenues by utilizing their transportation experience to initiate such independent services, the prevailing view of the carrier managements was that such innovations would for the most part merely duplicate present facilities, adding to the existing competition without materially benefiting the rail interests.[34] It should be noted that this view is in sharp contrast with that which promptly came to prevail after the passage of the Motor Carrier Act of 1935, when the door of free entry into the trucking business by railroads (and others, as well) was closed to all except those specifically authorized by the Interstate Commerce Commission. By the end of the decade independent trucking operations were largely confined to the New York, New Haven and Hartford, the Boston and Maine, the St. Louis-Southwestern, and the Chicago, St. Paul, Minneapolis and Omaha.[35]

Efforts of the Railroads at Co-ordination with Motor Transportation

Co-ordination embraces the combination of the rail and motor technologies in the interest of the maximum efficiency, quality, and economy. Clearly, railroad use of motor trucks in terminal operations for local transfers and the assembly and distribution of l.c.l. traffic on local runs is a manifestation of co-ordination in this sense. Such motor operations, however, were essentially from station to station at rail rates and were an integral part of rail operations. They were of value primarily in reducing operating expenses and were not particularly effective in restraining the diversion of short-haul traffic to the more complete and therefore expeditious truck service.

One concession the railroads made to a limited extent was local pick-up and delivery service. Although urged to adopt this delivery service from the beginning of the decade, the railroads appeared to be extremely timid in getting into this practice. Their attitude is partly explained by the fact that managements felt this costly service should be instituted only where competitive conditions required and therefore on a highly selective basis; it was feared that the innovation in one place would necessarily entail its general extension to avoid charges of discrimination. Because of this, the roads avoided pick-up and delivery as additional services separate from the rail line haul. Instead, they resorted to an express company

[34] *Ibid.*, 341.
[35] *Ibid.*

type of arrangement, in which a trucking subsidiary was organized to contract with local draymen for the pick-up and delivery. The latter quoted through rates to destination, including the pick-up and delivery charges, and issued the bill of lading. The subsidiary collected the revenue and compensated both the drayman and the parent railroad for their respective services.[36] It was not until the next decade that full-fledged pick-up and delivery, independent of subsidiaries and the express company arrangement, were generally adopted.

Another phase of rail-motor co-ordination involved the line-haul rail movement of containers that were assembled and distributed by truck. This practice, introduced in 1921 between Cleveland and Chicago, was confined largely to the eastern portion of the country and was exploited primarily by the New York Central and Pennsylvania Railroads. On these two lines the container traffic had assumed rather substantial proportions by 1930, but its extension to other lines was limited. For example, the number of containers handled by the New York Central increased from 278 in 1922 to 47,886 in 1930.[37]

Another device that was introduced but used to only a limited extent was the rail movement of demountable truck bodies, first instituted at Cincinnati in 1917.[38] While much enthusiasm for this innovation was expressed by a number of lines, the real effort toward the establishment of this service, known now as "piggy back," was a development of post-World War II.

Implications of the Railroad Response

The foregoing discussion of the railroad response to motor competition in the twenties shows a rather clear-cut picture of lethargy which, in retrospect, is difficult to understand. The railroads were slow and tentative both in responding with price and service changes to the new competition and in utilizing the new technology for their own benefit. Such use as was made of truck transport, it was noted, was largely to reduce operating costs for retained traffic rather than to regain lost traffic.

It is particularly surprising that the railroads, the entrenched transportation agency, made virtually no serious effort to get into the business by establishing independent trucking operations to compete directly with the newcomers into the transportation field. In appraising this decision (a decision perhaps by default), one

[36] *Ibid.*, 339.
[37] *Ibid.*, 342.
[38] *Ibid.*, 343.

must consider a fact that is overlooked by present-day advocates of rail-highway co-ordination through freer entry of railroads into competitive trucking operations. If, as usually asserted, the heart of the railroad financial problem is the loss of traffic to trucks, it is hard to see how extension of rail capital and enterprise into trucking operations would make the *rail plant* more profitable. The basic argument is that full utilization of the large fixed rail plant is desirable. This is undeniably true, but such an objective is not readily achieved by extension into trucking independent of the rail operations. If the real question is that of utilizing available earnings for investment in something more profitable than railroads, many opportunities potentially more lucrative than trucking exist. If the objective of railroad participation is to transfer investment from rail to truck facilities, the rail plant must, in the long run, be adaptable to the traffic available to it. In that case, as a long-term proposition, the railroads can adapt to truck competition by gearing investment to a level consistent with the trucks' share of total traffic.

A fundamental question that arises is the effect which this lethargic response had on the development of motor transportation. Several reasonable propositions may be advanced. Clearly, the railroads' failure to participate actively in the formative years during the twenties stimulated the rise of independent truckers. The substitution of truck service for local way trains and the primary dependence of railroads on hired services both served an expansionist purpose.

But perhaps the most significant influence of the railroad reaction is a negative one. One can ask what would have been the likely course of development if the railroads had utilized their entrenched position and available capital to assume an influential position in the industry. Although they would doubtless have been surrounded by a myriad of small independent operators, it seems highly probable that they could have achieved dominance through sheer force of economic power and closely knit organization. In that case, it is probable that the industry would have enjoyed less rapid growth, since the railroads would perhaps have been less prone than the independent trucking concerns to push exploitation of the new medium. On the other hand, it is quite probable that the trucking industry would have achieved a greater degree of stability than it actually enjoyed during the period. This is suggested by the fact that in the bus industry, where the railroads were active and influ-

ential participants, stability was achieved at a much earlier date than was the case in trucking.

State Regulation

Although they showed little interest in competitive responses, the railroads were not completely unmindful of the threat to their security. Their primary attention was devoted to the encouragement of regulation. The voices of railroad spokesmen were first raised shortly after the war, and the crescendo increased steadily throughout the decade. Although federal regulation was not achieved until 1935, there is little question that railroad pressures were instrumental in the rapid expansion of state regulation that occurred during the twenties.

While this extension of state regulation was due largely to the effective pressure of railroad interests, to some extent – particularly in the later years of the decade – it was also supported by the larger trucking operators, who wanted to limit competition through minimum rate and entry controls. At the beginning of the decade, regulatory legislation had been passed in nine states and the District of Columbia. Most of this was tentative and directed primarily at passenger carriage. By the end of the decade, every state but Delaware had passed a regulatory statute, but in only 39 states did regulations cover property carriers.

There are several features of these statutes that appear to have played a significant part in the development of the industry. First, the most intensive regulatory effort was directed at regular-route common carriers. At the end of the decade, nearly a third of the states that had truck regulation did not cover irregular-route common carrier services. Since there was a trend to amend the statutes to embrace irregular-route operators, the number of states exempting such carriers was substantially higher in earlier years. Even where included, the regulation was frequently less comprehensive than that covering regular-route services. Thirty-four of the 39 states regulated contract carriage, but again this regulation was not comprehensive.[39] Secondly, a central feature of the statutes was entry control through the requirement of certificates of public convenience and necessity. Thirdly, as a result of Supreme Court decisions in *Buck v. Kuykendall* and *Bush v. Malloy*, state regulation was confined to intrastate operations. The effects of these features are suggested in the following discussion,

[39] 182 I.C.C. (1932), Appendix F, 263, 336.

Restrictions on Regular-Route Common Carriage

The tendency to regulate regular-route more intensively than irregular-route common carriage is attributable to public insistence upon stability of regular-route operations. Where regular service was provided and users became accustomed to it, the public interest required that it be continuous and dependable. This was not so true of irregular-route service, which by definition was intermittent and discontinuous. Further, the policing problem was simplified by concentrating, at the outset at least, on the regular-route carriers. Thoroughgoing regulation of contract carriage was not attempted both because of a lack of public demand and because of the constitutional difficulties involved in subjecting such essentially private operations to full-scale economic regulation.

Regardless of the causes of this disparity, the results are readily apparent. The entry control associated with regular-route regulation tended to keep down the number of operators. The result was a relative expansion of firms in the other services, since those truckers unable to gain admittance as regular-route common carriers operated over irregular routes or as contract carriers. The latter categories therefore expanded to a greater relative extent than would have been the case had they been subjected to the same regulation as regular-route common carriers. This pattern, established by state regulation, was frozen into the transportation system by the "grandfather" provisions of the Motor Carrier Act of 1935.

Early attempts by the states at entry control and rate regulation exerted conflicting influences. On the one hand, such regulations tended to provide stability to an industry inherently unstable because of freedom of entry and exit. This tendency to make rates and services more predictable and stable in many cases doubtless made service more attractive to shippers and stimulated expansion of the industry. On the other hand, to the extent that such rate and entry controls were administered to protect established investment, they tended to be restrictive. There is evidence that restricting goals were sometimes contemplated in the administration of the statutes. In one state, for example, the precedent was established that when two or more competitors were vying in a particular market — whether the competitors were all highway carriers or included a railroad — only the first in the field should handle local traffic. If, as was generally the case, the rail route was first in service, the restrictive effect on highway carriage is evident. A number of state

commissions took the view that parallel bus service should not be authorized where the railroads were giving adequate service or stood ready to provide additional required service, either by rail or bus.[40] In other cases certificates were granted with the proviso that the applicant must arrange schedules so as not to compete directly with existing carriers.[41] As an example, the Pennsylvania Commission refused operating authority to a trucking applicant in a case where the proposed service paralleled the routes of the Nickel Plate and New York Central Railroads. The Commission explained its denial with the argument that "There is ample room for remunerative auto-bus and auto-truck service without entering into injurious competition with an established trolley or steam railroad which is furnishing a reasonably adequate service. By co-ordinating the two methods of transportation, each carrier serving a field not already occupied by the other, carriers as well as the public will be benefitted."[42] This view was premised on the faulty reasoning that transportation service is homogeneous. Such concern for established rail carriers was clearly restrictive.

During the first half of the decade state regulation was generally extended to all operations within the state, with little or no distinction being made between strictly intrastate operations and the intrastate portion of interstate movements. In a far-reaching decision handed down in 1925 in *Buck v. Kuykendall*,[43] however, the United States Supreme Court invalidated such exercises of authority as violations of the Commerce Clause of the Constitution. Since federal regulation was still a decade away, the result of the decision was to forestall any regulation of interstate operations. Since interstate operation then became relatively more attractive because of the regulatory void, truckers tended to increase the scope of their operations to an interstate nature in order to confuse their status and avoid regulation. In Illinois, for example, only one bus was engaged in interstate service from 1916 to 1920, two in 1921, three in 1922, and six in 1923 and 1924. Less than a year after the court decision, however, nearly 250 busses provided interstate service.[44] The obvious result of the regulatory void was to encourage lengthening of route operations and expansion of firms on an interstate basis.

[40] *Railway Age*, Vol. 85 (Aug. 25, 1928), 395–97.
[41] *Bus Transportation*, Vol. 2 (Dec., 1923), 599.
[42] *Traffic World*, Vol. 33 (Feb. 2, 1924), 318.
[43] 267 U.S. 307 (1925).
[44] 140 I.C.C. (1928), 685, 697.

Divergent Tendencies in Passenger and Freight Carriage

During the 1920's the industry suffered great instability, manifested by a large turnover in firms and generally unprofitable operations. This situation was accounted for partly by inexperience and the lack of sophistication of many operators in business and economic matters. The relative ease of entry, a result of the limited capital investment required and favorable credit terms for the acquisition of vehicles, inevitably meant the presence of many operators who simply did not have the requisite managerial ability to initiate lasting enterprises. Such refinements as depreciation, for example, were frequently ignored, and the life of a business was frequently coextensive with the life of the vehicles operated.

It is significant that this instability was much more pronounced in the truck than in the bus phase of highway carriage. By the end of the decade, the bus business had arrived at a substantial degree of maturity, while the trucking phase still bore the marks of infantilism. This is clearly shown by data reported by regulated operators in the states requiring financial reports. A comparison of the characteristics of the two types of operations will point up the specific factors which contributed to instability in the trucking business. Significant differentiating characteristics appear to have been: the extent of irregular operations, the capital requirements, the extent of market concentration, and the degree of railroad participation.

To offer reasonably attractive service, the bus business had to be conducted on a highly regular basis. Some charter service, which was unscheduled and intermittent, had long been provided, but the bulk of the business came from individuals who required a foreknowledge of schedules and services. Property movement, on the other hand, not only permitted but in many situations required irregular, nonscheduled movements. For example, seasonal shifts in requirements, as in the case of perishable agricultural products, dictated a mobile reservoir of capacity. In addition, occasional movements on call could be accommodated where, as in the freight service, one or a few purchasers utilized an economically large portion of a vehicle's capacity. In the 1920's this type of business, conducted by irregular-route common carriers and by contract carriers, provided an element of instability in the industry. With relatively few operators being tied down to specific routes and schedules, the homogeneity necessary for joint group action as an aid to the achievement of mature industry status was lacking. The bus operators, on the other hand, were encouraged by the nature of their

market to work together, to co-ordinate their services, to publish general time tables, and to take other joint action.

Another stabilizing factor in the bus phase of motor transportation evolution is found in the relatively large capital investment involved. More specialized vehicles were required for passenger transport, and these entailed a greater investment per dollar of revenue. The secondhand market, moreover, was limited. In addition, terminals, which required substantial additional investment and encouraged co-operative joint-use measures, were a necessity for all operators. Many truck operators were able to operate without terminals. Such terminals as were employed were commonly less costly than those of the bus lines. The heavier capital requirements of the bus business served as something of a screening device, accounting for a higher proportion of reliable operators and a consequent tendency toward greater industry stability.

Another differentiating factor lay in the basic nature of the market served by each type of business. The travel market was highly diffused, with no individual purchaser of sufficient importance to condition prices. In the property carrying business, however, a tendency toward oligopoly existed. In that undisciplined era, individual shippers who were important customers frequently were able to influence price policy of single firms and exact rate concessions that resulted in marginal or unprofitable operations. The result appears to have been a greater turnover of firms and general instability in the industry.

A final difference between passenger and freight carriage lay in the attitude of the railroads toward the two services. As indicated above, the rail carriers were characteristically lethargic in meeting truck competition, both with respect to service-price responses and direct operation of truck lines. The case was quite different, however, with bus competition, because of the precipitous decline in passenger revenues. To combat this revenue erosion, many railroads actively turned to bus operations. By the middle of the decade the Great Northern Railroad was operating 140 busses over 3,000 route miles. While this was the largest, many other roads participated extensively. Thirty-one companies were so engaged by the end of 1925 [45] and the number increased steadily thereafter. There is little question that rail participation was a stabilizing influence. With their great financial resources, the railroads were in the forefront of the consolidation movement of the 1920's and were key links in the chain that was forged by the extensive Greyhound interests. Their general

[45] *Bus Transportation*, Vol. 5 (Feb., 1926), 63.

associational activities helped to promote an industry spirit and the stability that goes with it.

These may be considered the primary factors that account for the different degree of maturity in the two phases of highway carriage. Other significant factors were derivative in nature. These secondary influences include consolidation, associational activities, and regulation. The industry differences in these respects also encouraged relatively greater maturity and stability in the bus business than in the freight carrying trade.

Consolidation of bus services was pronounced in the twenties, while nothing comparable occurred in the trucking phase. The consolidation movement was encouraged by the nature of the market; through movements of passengers required continuous service without frequent interchange, and passenger movements were typically longer than commodity movements. Railroad participants in bus operations understood these conditions well and it is not, therefore, surprising that they were in the forefront of the bus consolidation movement. The effect of consolidation was to reduce the number of independent operators and to promote stability. The Greyhound Corporation became a dominant factor in this decade, forcing unaffiliated firms into combination among themselves in order to provide competitive services. In California, for example, there was a decline in the number of companies reporting to the state commission from 830 to 670 between 1923 and 1924, despite a large increase in the volume of traffic.[46] By 1926 the California Transit Company embraced 1,445 miles of routes,[47] vastly more than any regular route trucking company. By the following year Pickwick Stages operated 5,000 route miles[48] and a year later Yelloway Pioneer Transportation System provided transcontinental service over 9,000 miles of routes.[49] Through the latter portion of this decade there was a significant decline in wildcat bus operations,[50] which were rendered unprofitable by the march of combination and by the improvement of services offered by the established companies.

Associational activities, stemming partly at least from the primary trends hitherto mentioned, were also more advanced in the case of the bus business. Many state bus associations had begun to function effectively by 1925, the year in which the National Association

[46] *Bus Transportation*, Vol. 3 (Oct., 1924), 491–92.
[47] *Railway Age*, Vol. 81 (Nov. 27, 1926), 1,069.
[48] *Ibid.*, Vol. 82 (Jan. 22, 1927), 329.
[49] *Ibid.*, Vol. 85 (Dec. 22, 1928), 1,261.
[50] Daggett, *op. cit.*, 135.

of Motor Bus Operators was formed. These associations contributed to industry rationalization and stability through co-ordination of schedules, interline agreements, statewide timetables, uniform accounting systems, tariff bureaus, and other devices. It was not until the next decade that the truck operators, with even limited effectiveness, were able to organize their activities at the state and national levels.

A final secondary factor promoting earlier maturity in bus transportation was state regulation, adopted earlier and more extensively for bus than for truck operations. This situation was in part a by-product of associational activity. One of the primary concerns of the associations was the promotion of state and national regulation. Established operators, who had come to dominate the industry, were interested in the stability to be achieved from minimum rate and entry controls. In 1924, for example, North Carolina operators met and passed a resolution advocating state regulation,[51] and in the following year the Bus Division of the American Automobile Chamber of Commerce endorsed interstate regulation of bus transportation by the federal government.[52]

Thoroughgoing bus regulation, however, had its roots deeper than the associations, since in a number of states it antedated effective state organizations. More intensive regulation of busses than of trucks stemmed also from public considerations. In the first place, bus regulation was more feasibly undertaken because of the greater homogeneity of the operators. Secondly, the need for such regulation was felt to be greater for busses than for trucks because of the personal danger and public inconvenience created by irresponsible operators. Finally, as previously noted, the railroads were behind the movement for state regulation and, being most concerned for their passenger revenues, exerted greatest pressure in connection with the establishment of bus regulation.

The general effect of the considerations outlined was a more mature industry status and greater stability for the bus than for the truck business. Inherent differences in the two phases of motor transport were important in themselves, and in turn accounted for rapid development of regulation and associational activities in the bus business. These regulations reduced turnover of firms, controlled competition and entry, and encouraged the establishment of a unified, stable industry during the course of the twenties. Such

[51] *Bus Transportation*, Vol. 3 (Aug., 1924), 381.
[52] *Ibid.*, Vol. 4 (June, 1925), 282.

cohesion was completely lacking in the truck carrier trade, and there was probably little difference between the beginning and end of the decade so far as stability of trucking operations was concerned.

The Thirties: Depression and Regulation

The decade of the 1930's is divided into two periods by the year 1935, which marks the advent of federal regulation of motor transportation. The first half was characterized by the business depression and associated phenomena, the latter by the maturity and stability engendered by the thoroughgoing regulation undertaken in 1935. The depression period was primarily influential because of the specific economic changes it produced, the National Recovery Administration code system it fostered, the change in the railroad attitude toward motor competition which it forced, and the encouragement it gave to regulation.

The depression period was characterized by a reduced flow of traffic, hence more strenuous competition for that which remained. While this environment slowed the growth of motor transportation, it produced some transitional economic changes that were favorable to highway carriage. Perhaps most significant was the reduction in the size of orders and inventories, placing a premium on the cost and service advantages of motor transportation. As a result, motor transport gained relatively in importance during the depression years. It is estimated by the Federal Co-ordinator of Transportation that the truck proportion of intercity freight movement increased from 4.2 per cent in 1929 to 9.4 per cent in 1932.[53] Indeed, although the data are fragmentary and inconclusive, available estimates suggest that despite the rapid decline in business activity during the depression, the volume of intercity truck movement increased in absolute terms. The Co-ordinator's data previously cited estimates intercity truck service in 1932 at approximately 30 billion ton-miles. An estimate introduced in the Commission's hearings in Ex Parte 103, *Fifteen Per Cent Case*, put this volume at not over 20 billion ton-miles for 1930.[54] Another estimate puts both figures at a substantially lower level, but indicates an absolute increase in traffic during the entire course of the depression.[55]

One might expect such a favorable traffic trend to engender a

[53] I.C.C., *Regulation of Transportation Agencies*, Senate Document No. 152, 73rd Cong., 2d Sess. (Washington: Government Printing Office, 1934), 3.

[54] 182 I.C.C. (1932), 263, 403.

[55] Harold Barger, *The Transportation Industries, 1889–1946* (New York: National Bureau of Economic Research, 1951), 242.

sound and healthy financial situation for the industry, but this was not generally true. The bright traffic picture was beclouded by difficulties inherent in the structure of the industry. The ease of entry and the availability of large numbers of used vehicles with small or no down payments, coupled with the fact that little special skill or training was required, made the trucking industry a haven for the unemployed of the other sectors of the economy. As men were forced out of employment, many acquired secondhand trucks to haul until they could get their jobs back. These marginal operators were interested only in paying direct operating expenses and earning family subsistence. Although many of them developed a substantial business, most kept on only until other job opportunities appeared or until their trucks could no longer be operated. During their short trucking careers, however, they contributed to industry instability by cutting rates to bare out-of-pocket costs and depleting the revenues of the industry as a whole. This influence was limited by the fact that the service rendered was generally inferior to that of the old-line companies that were trying to maintain continuing operations. In normal times those shippers who desired superior service were usually willing to pay more to get it. But in times of retrenchment, dollar savings in transportation were frequently more important than service quality, and the prevalent tendency was toward deterioration of service and an unsatisfactory profits picture.

The mounting pressure of motor competition made its imprint on the railroads. Ton-miles and freight revenues of the rail carriers declined from 450 billion ton-miles and $4.9 billion in 1929 to 235 billion ton-miles and $2.5 billion in 1932.[56]

These two depression-bred forces — increased instability in the trucking industry and increased competitive pressure on the railroads — were highly significant developmental factors. One led to the NRA experiences; the other to a changed railroad attitude toward motor carrier competition. In combination, they were largely responsible for the enhanced pressures for federal regulation of motor carriage that reached fruition in 1935.

The National Recovery Administration Code

It will be recalled that a fundamental purpose of the National Industrial Recovery Act was to alleviate the depression by a symptomatic attack upon price deflation. Each industry in the economy was to establish a "code" to govern the action of its members in the

[56] I.C.C., *Statistics of Railways in the United States* (1952), 156–57.

presumed interest of the group. The establishment and enforcement of a code for the trucking industry proved to be virtually an impossible task because of the large number of small operators. Relatively few of the companies were actually enrolled under the "Blue Eagle" symbol of the NRA, and the effective policing of those enrolled was quite impossible. In contrast with other sectors of the economy where code administration was reasonably effective, the trucking industry was simply too sprawling and undisciplined for effective code regulation, particularly after the infusion of the transient element introduced by the depression itself. Nevertheless, the NRA experience was a significant historical fact in the development of the industry.

Under the initial code arrangement, each firm was to file a schedule of minimum rates which were not to be below "cost." Rates below such cost-dictated minima constituted a violation of the code and therefore of the National Industrial Recovery Act. The determination of relationships between costs and rates for each firm, however, proved to be an impossible task. A later amendment, designed to provide greater stability both through uniformity and through a more manageable system, provided for the establishment of minima for broad "groups" in the industry. Departures below this arbitrary floor constituted a code violation, regardless of the individual operator's costs. Although enforcement difficulties remained and violations were frequent, such a system tended to squeeze out marginal producers whose inferior service could be marketed only through differentially lower prices. The effect on such marginal producers was intensified by the labor provisions of the codes which stressed minimum wages as the *quid pro quo* of the price floors. In the case of a number of the marginal operators, the minima were well above the going rates.

In addition to the effect upon marginal producers, the labor provisions of the codes brought about a substantial alteration in wage costs and labor practices of the industry. Just prior to the code, for example, the average work week in the trucking industry was 70 hours, but it declined under the code to 48 hours. Hourly wages similarly became more favorable to workers. Evidence indicates, furthermore, that the changes induced by the codes continued after the end of the program, as revealed by a post-NRA study conducted for the Senate Finance Committee. This rather exhaustive survey revealed only 97 cases in 28 states of post-NRA increases in the average work week, 123 cases in 12 states of wage reductions, and

83 cases in 16 states of both an increase in hours and a reduction in the hourly wages.[57]

While not a significant success as a method of control, the code experience under the NRA further shaped motor carriage by encouraging an "industry status" — by forcing the more substantial firms, at least, to think and act in concert. This necessity fostered new organizations, the birth of industry, and a sense of maturity in established groups at both the state and national levels. Such associations, while not closely knit or completely effective, tended to enhance the stability and maturity of the industry through the unified action of its leaders.

While some associational activity was present at the state level prior to the advent of the NRA, national organization was a direct outgrowth of the necessity for unified action to draft and administer the trucking code. The American Trucking Associations, the existing trade association of the industry, was organized in 1932 for that specific purpose. It is significant, however, that a rival organization enjoyed a substantial following, the cleavage being based on the relative merits of self-regulation of the industry through the codes and thoroughgoing regulation by the federal government. The American Trucking Associations' affiliates favored code regulation; on the other hand, the American Highway Freight Association, also organized in 1932, had for its main purpose the sponsoring of a program of federal regulation to take the place of the codes. The Highway Freight Association was spear-headed by the leading trucking titan of the day, Joseph Keeshin, and drafted its members predominantly from the ranks of the larger companies. It was not until the collapse of the code system that the two organizations united in advocacy of federal regulation and came together.

The Awakening of the Railroads

As already noted, the depression had a more serious effect on rail than on truck traffic. While rail freight revenues were declining precipitously, the new rival continued to grow. It was no longer possible for the railroad managements to keep their heads buried in the sand and avoid the economic facts of life. One of the most significant effects of the depression was to cause the railroads to take the truck more seriously as a competitor. The situation was particularly alarming because the motor carriers refused to remain snugly in the functional niche which had been cut out for them — the carriage of merchandise for short hauls and the feeding of traffic

[57] *Traffic World*, Vol. 56 (Aug. 31, 1935), 365.

into the rail system. The depression saw trucks making substantial inroads, for example, in the short-haul coal traffic – reserved, it was thought, to the railroads by divine right. Trucking operations were also ranging progressively farther afield, taking in ever more distant hauls. And in their specialty, merchandise traffic, their superiority grew apace, so that by 1934 it was estimated that trucks were carrying five times as much of this traffic as the railroads.[58] Better roads and equipment extended substantially the range of overnight motor carrier operations so that next-day service could be provided up to 500 miles. Highway checks showed increasing truckload movements of such items as cement, lumber, steel, cotton, fresh meat, and newsprint.[59]

To some extent the railroad response was characteristically hesitant and tentative. But still, it was more active than in the preceding decade. There was a substantial increase in rail participation in motor transportation on the highways, but it was far short of its potential. For instance, investment by railroads in truck and trailer units increased from about $3.5 million in 1930 to over $5.5 million in 1933.[60] There was, however, a noticeable change in the pattern of rail participation. Instead of hiring supplementary truck services from independent contractors, railroads showed a strong trend toward direct operation, primarily through subsidiaries. This form of rail participation predominated partly because a number of states prohibited direct railroad operation of motor vehicles. In 1933 only nine routes employing 70 vehicles were so operated, as compared with about 2,500 units operated by subsidiaries over 364 routes.[61] Contractual service by independents was usually confined to very small companies with short routes.

As in the earlier period, virtually all trucking by or for the railroads was strictly supplementary to or in lieu of rail services. As such, shipments moved under rail rates on rail bills of lading with the railroad determining the alternative of rail or truck movement. Only eight railroads by 1933 had undertaken motor operations independent of rail service. Six of the eight operated in the Northeast, the exceptions being the Denver & Rio Grande Western and the Southern Pacific, each with rather limited operations. Where independent service was offered it was generally provided at the going truck rates, with shipper selection of the service.

[58] *Railway Age*, Vol. 97 (Sept. 1, 1934), 263.
[59] *Railway Age*, Vol. 89, Sec. 2 (Sept. 27, 1930), 648–51.
[60] *Regulation of Transportation Agencies*, *op. cit.*, 275.
[61] *Ibid.*

It is curious that where the subsidiary arrangement was used there appears to have been only rather loose integration between the rail and truck facilities. This is explained by the fact that the two services typically competed. For example, rail solicitors did not attempt to obtain truck freight unless it was clear that the traffic would not move by rail. This would appear to offer some confirmation of the frequently voiced proposition that rail domination of other agencies would inhibit the full development of those agencies. Historical evidence suggests that the first concern of railroads is full employment of *rail* facilities.

In addition to the swing toward owned rather than contracted facilities, the railroads in the early thirties finally made a serious effort to institute truck pick-up and delivery. According to one view, "The widespread adoption of one plan or another of providing for pick-up and delivery service by trucks in connection with road hauls by railway, was the outstanding development of 1932. . . ."[62] The movement received a big boost when the Pennsylvania Railroad filed a Pick-up and Delivery Tariff to become effective December 1, 1933, for application over its entire line.[63] The adoption of pick-up and delivery as a universal service had significant competitive implications. Without this extension, the main effect of supplementary rail services was in the reduction of operating expenses. With it, the railroads were able to improve their service sufficiently to halt to some degree the diversion of merchandise traffic and actually to recapture some business that had already been lost.[64]

Finally, the depression years saw some intensification of rail rate responses to motor carrier competition. The reduction in rail average revenue per ton-mile after 1929 is doubtless a reflection of such selective rate-cutting. But here again this response was largely hesitant and tentative, partly from the fear of upsetting established rate structures and inducing unlawful discrimination or causing widespread reductions in rates on non-competitive traffic. In addition, some railroad managers feared that the inherent service advantage of motor transportation would render rate reductions ineffective unless carried to non-compensatory levels. In some cases, in fact, perverse rate adjustments encouraged motor competition. Notable in this connection was the Eastern Class Rate decision handed down by the Interstate Commerce Commission in 1931. The increases involved in that adjustment enabled the trucks to

[62] *Railway Age*, Vol. 94 (Feb. 4, 1933), 183.
[63] *Regulation of Transportation Agencies*, *op. cit.*, 19.
[64] *Ibid.*

compete effectively not only for the first-, second-, and third-class traffic, where they had already made great inroads, but for traffic in the next two classes as well. In other words, they were put in a position to compete ratewise for virtually half of the class-rated tonnage of the railroads. These rate relationships were particularly important in Eastern Territory because of the relatively short hauls, which averaged only 163 miles in Central Freight Association Territory and only 113 miles in New England Territory.[65]

In summary, the depression activated somewhat the competitive response of the railroads to motor truck competition. Reactions took the form of some increase in price competition, the general institution by railroads of pick-up and delivery service, and the extension of supplementary motor carriage through owned equipment rather than through independent contractors. Even these responses, however, were not bold enough to stem the tide that was running against the railroads. Their main answer lay in increasing pressure for federal regulation of motor transportation. With the demise of the NRA and the final acceptance of regulation by the leaders in the motor carrier industry, regulation was soon to become a reality.

Federal Regulation: Stability at Last

The trucking industry, as has been pointed out, was characterized in 1935 by virtually the same degree of instability as had prevailed throughout its entire earlier history. With the advent of regulation in that year, however, the picture changed sharply. Regulation provided true industry status as a substitute for the sprawling, undisciplined, heterogeneous action that had been characteristic of truckers for so many years.

The keystone and the primary stabilizing force of the regulatory structure was the limitation of competition. This was achieved through the twin devices of control of price competition and entry into the industry. Competition was to be kept in check through the commission's power to control minimum rates and prevent reductions or order increases where necessary to provide rate stability. In addition, the field was closed to newcomers or to the expansion of existing operations unless the proposed new service could pass the rigorous test of "public convenience and necessity."

Although a general evaluation of the impact of regulation is beyond the scope of this study, several observations may be made. In addition to providing stability through control of competition, regulation and entry control placed a tangible value upon operating

[65] *Traffic World*, Vol. 46 (Sept. 27, 1930), 763.

rights. The opportunity of selling such rights encouraged marginal firms to leave the field. In such cases the purchasers were usually existing operators. Instead of one marginal operator being succeeded by another, as was formerly typical, the tendency under regulation was toward a smaller number of larger firms. In addition, the certification process that implemented entry control balkanized the industry. Numerous rigidly defined carrier categories were established on the basis of route characteristics and commodity authorizations.

In the favorable environment of a generally expanding economy and under the stimulus of effective regulation, for-hire highway transportation grew apace during the last half of the decade. As an indication of this growth, truck operators earned three times as much in 1938 as in 1937, despite the recession which occurred in 1938.[66]

World War II Experience

Gaining in strength from year to year, the motor carrier industry was able to take its place, despite innumerable difficulties, in serving the commercial and military transportation needs of the economy in the wartime emergency of the early 1940's. Those years constitute a significant chapter in the history and development of highway transportation.

The motor transportation industry had hardly accommodated itself to the readjustments entailed in regulation when its developmental pattern was sharply interrupted by the war. Many aspects of the war experience were largely forgotten after the return to peacetime conditions; others left a permanent mark on the industry. It was a time of rationing, shortages, improvising.

In considering the impact of the war on traffic volume, we must make a sharp distinction between all highway movement and the service performed by the regulated carriers.[67] Total highway carriage declined markedly after rising rapidly in the five years ending in 1941 to a peak of nearly 82 billion ton-miles. In 1942 volume dropped sharply to 60 billion ton-miles. In the following year there

[66] *Railway Age*, Vol. 107 (Aug. 26, 1939), 320.

[67] The total volume includes private transportation and for-hire transportation exempt from regulation. The most significant exemption involves truck transportation of agricultural commodities, livestock, and fish. For a brief discussion of the so-called agricultural exemption, see C. A. Taff, *Commercial Motor Truck Transportation* (Homewood, Illinois; Richard D. Irwin, Revised Edition, 1955), 487–89. Subsequent references to the "motor carrier industry" will denote the regulated for-hire (common and contract) carriers.

was a relatively small further decline (3 billion ton-miles) to what proved to be the wartime trough. From this depth of 57 billion ton-miles in 1943 there was a slight increase to 58 billion in 1944, a sharp rise to 66.6 billion in 1945, and a jump in 1946, the first full postwar year, to 81.7 billion, virtually on a parity with the 1941 figure.[68] Since rail volume expanded rapidly during this period, the share of traffic moving over the highways fell from 10 per cent in 1939 to 5 per cent in 1944.

By virtue of the rationing and conservation devices that will be described, the regulated industry was able to avoid the sharp set-back realized in total highway volume. Tonnage handled by Class I carriers advanced steadily from 62.2 million to 117.3 million between 1940 and 1945.[69] This was actually a greater tonnage increase than the railroads realized. With 1939 as 100, the motor carrier index rose to 242 by 1945, while the rail wartime peak was only 183.[70]

When the distance factor is introduced and ton-mileage is employed as the measure, a different picture appears. The average haul of rail traffic increased during the war, but the trucking average declined. As a result, railroad ton-miles moved up from 375 to 684 billion between 1940 and 1945, a rise of 80 per cent.[71] On the other hand, ton-miles provided by motor carriers jumped from 20.7 billion in 1940 to 26.8 billion the next year, remaining close to this level throughout the war.[72]

Considering the difficulties under which it labored, the trucking industry's service record during the war is highly creditable. All transportation agencies suffered from wartime materiel shortages, but the peculiar technological requirements of the motor carriers made them by far the most vulnerable. The railroads inherently possessed a marked degree of excess capacity that was augmented by large equipment purchases in the late thirties. Highway carriers were technologically more closely adjusted to capacity. Furthermore, the rail units had a life expectancy of upward of twenty years, while that of the motor vehicles approximated five years. Accordingly, the curtailment of civilian truck production hit highway carriers harder and sooner than the cessation of freight car production

[68] American Trucking Associations, *American Trucking Trends* (1955), 5.

[69] U. S. Department of Commerce, *An Evaluation of Motor Truck Transportation* (Industry Report, May–Aug., 1948), 70.

[70] *Ibid.*, 13.

[71] Interstate Commerce Commission, *Statistics of Railways in the United States* (1947), 160.

[72] American Trucking Associations, *American Trucking Trends* (1955), 5.

affected the railroads. In addition, the motor carriers suffered from absolute dependence on rubber tires and gasoline, supplies of which were drastically affected by war developments.

Fuel became scarce largely because of the dislocation and disruption of the routes of customary movement.[73] The shortage was most acute in the East, which normally received over 98 per cent of its supplies through coastal tankers.[74] By early 1942 German submarine attacks and the urgent necessity for diverting tankers to the transportation of military supplies overseas virtually eliminated this source of supply. Much of the gap was filled by reinstituting rail tank cars in this service and by construction of pipelines. Nevertheless, supplies remained critically short during the entire war period. Other areas of the country also suffered fuel shortages as military requirements ate up substantial portions of available supplies. In addition, gasoline rationing, which started in the East, was extended throughout the country as part of the program of tire conservation. Gasoline consumption dropped from a peak of 24.2 billion gallons in 1941 to 16.0 billion in 1944 and 16.4 billion in 1945.[75]

Vehicle replacement became a major problem for the industry when, on January 1, 1942, the supply of commercial vehicles was frozen and, beginning the next March, a rationing program was instituted. During the next four years civilian allotments of vehicles totaled only one-fourth of the prewar demand, and about half of this number was made available during 1945.[76] As a result, retirement of worn-out vehicles was halted or retarded, the average age of vehicles increased sharply, and performance and efficiency were jeopardized.

Even more serious than the gasoline and vehicle situation was the tire shortage which, on September 10, 1942, was found by the Rubber Survey Committee appointed by the President to be "so dangerous that unless corrective measures are taken immediately this country will face both a military and civilian collapse." Nearly all supplies of crude rubber were lost in the early Japanese conquests. Essential needs were met from existing stockpiles and through the production of synthetic rubber. Total tire production was maintained at a high level, but the tremendous military demands left the civilian economy very short. Although allocation preference was given to commercial

[73] Joseph R. Rose, *American Wartime Transportation* (New York, 1952), 200.

[74] *Ibid.*, 180.

[75] *Ibid.*, 213.

[76] *Ibid.*, 202.

rather than private users, tire shortages were severe even for eligible operators in all the war years after 1942. During the last four months of 1944, it was estimated that despite large-scale recapping about 5,500 trucks and busses were laid up for lack of tires.[77]

Another difficulty arose from the scarcity of replacement parts. This was particularly serious in view of the unavailability of new vehicles, the drastic increase in average age and the more intensive utilization of available vehicles, and the necessary employment of relatively untrained mechanical and driver personnel. The number of vehicle days lost through parts shortages rose steadily throughout hostilities to a peak in March, 1944, after which some improvement was experienced.[78]

Finally, motor carrier service was seriously hampered by manpower shortages. While all transport industries were similarly affected, the motor carriers suffered most because of the predominance of employees of draft age.

The shortages described above, together with the sharp increase in transport requirements, resulted in a broad temporary expansion of government control. This emergency control was more sweeping than the normal peacetime pattern and extended to private operations which had previously been exempt from standard regulation. Governmental efforts primarily took the form of rationing and arbitrary allocation of scarce materials and the development of conservation techniques. Both programs were effective in obtaining the maximum service from the depleted motor transport industry and both left some permanent imprints on the industry.

As figures previously cited indicate, the war years saw a modest increase in available capacity and service performance of the for-hire carriers, but the drastic decline in tonnage handled by private carriers more than offset that trend and accounted for the net decline in total motor carrier operations during the war. The rationing and allocation program favored those carriers who provided service for the public generally.

Perhaps the most significant war results stemmed from the conservation techniques that were introduced. The conservation program was facilitated by the device of Certificates of War Necessity. All operators, public and private, regulated and exempt, were required to obtain such certificates. Their purpose was to centralize the activities of all carriers under the Office of Defense Transporta-

[77] Office of Defense Transportation, *Civilian War Transport* (Washington, Government Printing Office, 1948), 207.

[78] Rose, *op. cit.*, 206.

tion and facilitate the enforcement of the conservation program. This program took a number of lines. Among the most important features were the so-called joint action plans designed to eliminate waste and improve vehicle utilization. Such plans contemplated the co-ordinating of schedules, pooling of traffic, joint terminal services, and equipment interchange. Another important feature of the conservation program was elimination of the circuitous route, administratively defined as one exceeding the short-line route by 10 per cent or more. The problem of attaining maximum loading was attacked through the establishment of Joint Information Offices, which served to co-ordinate shipments and capacity by means of truck leasing and other measures. It is estimated that 100 million truck miles were saved annually through these various devices.[79]

Some unfavorable trends were inevitable in an emergency as acute as that faced by the transport agencies between 1941 and 1945. The average number of power units in intercity service per Class I property carrier declined sharply and steadily from 41.1 in 1941 to 31.8 in 1945.[80] In addition, the annual mileage per power unit declined over the same span of years from 50,700 to 45,300,[81] and there was a reduction in average haul from 223 to 177 miles.[82] Nevertheless, the measures taken to conserve facilities and increase the efficiency of their utilization resulted in a substantial increase in average loading from 6.95 tons to 8.39 tons.[83] The net effect for common carriers of conflicting wartime trends was an increase both in ton-miles per vehicle and in total ton-miles handled.

The war affected the several types of for-hire agencies quite differently. The contract-carrier group experienced no wartime growth, showing very stable traffic and revenue levels throughout the entire period. These carriers therefore declined progressively in relative importance. The common carriers of general commodities advanced at a rate which permitted them to maintain a rather constant share of the traffic handled by the industry and to increase their revenue share from 36 to 40 per cent. The greatest growth was enjoyed by the specialized commodity haulers, who increased their share of traffic from 8 to 17 per cent and of revenues from 5 to 9 per cent during the war years.[84] The unfavorable relative

[79] Office of Defense Transportation, *A Review of Highway Transport and Transit Industries During the War* (Washington, 1945), 101.

[80] American Trucking Associations, *American Trucking Trends* (1952), 16.

[81] *Ibid.*, 18.

[82] *Ibid.*, 20.

[83] *Ibid.*, 21.

[84] U. S. Department of Commerce, *op. cit.*, 70, 72. The "special commodity" carrier category denotes firms that perform a specialized service cover-

showing of the contract carriers is partly attributable to less adequate rationing allowances. The increased importance of the specialized common carriers reflects the special requirements of new large-scale war industries and some shift from contract carriage as a result of their tighter rationing restrictions.

As indicated, the war strongly influenced traffic allocations both between agencies and within the highway transportation field itself. It also had other significant influences, some of which may be noted. The conservation measures imposed by the ODT served to increase average loadings and to stimulate co-ordinated transportation movements. The beneficial effect of such efforts continued to be felt by the industry, which practiced in postwar years many of the improved techniques introduced of necessity in the war period.

The war also caused a relocation and decentralization of industry that favored truck service. Many war plants were not on rail lines and when these were subsequently converted to civilian production they provided the trucking industry with a "captive" market. This development also exerted an influence on route patterns. During the war period many operators were given temporary emergency certificates to extend operations either territorially or productwise. Such temporary authorizations served as a firm base in many cases for applications for permanent postwar changes. Related to this phenomenon was the conversion of some trucking capacity from one type of movement to another. For example, the automobile carriers, left during the war without a market, turned to the movement of other types of commodities. In many cases, the war-induced interest in diversification was maintained in later years.

There is also evidence that wartime necessities affected the Interstate Commerce Commission's motor carrier merger philosophy. Carrier combination was seen in wartime as a device to save vehicle miles. One example was approval of the formation, in 1941, of Associated Transport, despite the resulting diminution of competition. This liberalized policy continued into the postwar period.

Furthermore, the war was instrumental in reducing state size and weight limitations and in extending tax reciprocity. While some of these changes were only for the duration of the war, the general trend was toward permanent liberalization of restrictions.

There is also evidence that wartime allocation policy may have increased the number and size of large firms at the expense of small, as suggested by the percentage of gross reported revenues realized

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ing a limited range of related items. They include such operator types as household goods' carriers, oil field haulers, and heavy machinery haulers.

by Class I carriers. The larger companies accounted for 52 per cent in 1940, 57 per cent in 1941, and 60 per cent in 1942.[85]

Finally, it must be noted that, although for-hire carrier traffic held its own during hostilities, it was not a period of great prosperity. Many of the carriers emerged from the war in weakened financial condition and with pressing equipment problems. Average revenue per Class I carrier declined from $512,000 in 1942 to $482,000 in 1945.[86] Similarly, average revenue per $100 investment fell from $314 in 1941 to $289 in 1945 and $281 in 1946.[87] The operating ratio of this group of carriers was 93.6 in 1942, but jumped sharply to 98.4 in 1943 and on to 100.4 in 1945.[88]

The Postwar Period

After a slow postwar start, during which operations were hampered by continuing equipment and manpower shortages, motor transportation advanced by rapid strides toward maturity. Along with other enterprises, this industry benefited from the high level of business activity in the years after World War II. But special factors worked to its advantage, permitting it to occupy an increasingly important role in the transport market.

During much of the postwar period the railroads were plagued by equipment difficulties, occasioned both by materiel shortages and conservative car ordering programs, that stimulated motor carrier service. Industrial decentralization encouraged shorter hauls and smaller shipments, while many new locations not served by rail facilities provided a captive market. The competitive position of motor transport was also advanced by the fact that motor carrier rate increases lagged somewhat behind those of the railroads. In addition, truck operators were able to invade the long-haul domain of the railroads, largely because of a widespread increase in trailer interchange between carriers. By 1951, from 600 to 800 firms participated in interchange arrangements, permitting long-distant through movements without the expense and delay of transfer at junction points. This was reflected in an increase in average haul from 177 miles in 1945 to 242 miles in 1953.[89] Another important contributor to the rapid postwar rise of motor transport was a general trend toward the liberalization of state size-and-weight limits that

[85] Interstate Commerce Commission, *Statistics of Class I Motor Carriers*, various issues.

[86] American Trucking Associations, *American Trucking Trends* (1952), 23.

[87] *Ibid.*, 35.

[88] *Ibid.*, 44.

[89] American Trucking Associations, *American Trucking Trends* (1955), 23.

encouraged heavier loading and consequent operating economies. Finally, this period witnessed significant technical improvements in vehicles and an extensive program of terminal modernization that contributed to efficiency.

The extraordinary advance in highway carriage occasioned an increase in the trucks' share of total ton-miles from 10.2 per cent in 1940 to 19.1 per cent in 1954. During this span of years total traffic on the highways rose from 62.0 billion ton-miles to 214.6 billion, an advance of 346 per cent.[90] The regulated industry and private and exempt carriage shared about equally in the advance. The regulated carriers' share of total highway movement was close to 38 per cent in every year after 1946.[91]

The substantial traffic increment occasioned comparable investment increases by the regulated carriers, with important implications for the industry. The high traffic and earnings levels both permitted and forced greater access to capital markets than had been true prior to the war. Financial institutions began participating rather extensively in motor carrier financing, and there was a trend toward greater reliance on public sales of capital issues. Further, the investment pattern was altered by the extensive terminal modernization program previously mentioned. The portion of total investment in structures by Class I common carriers of general freight increased from 13 per cent in 1947 to 17 per cent in 1953.[92] Although more recent data are not available, this investment trend has doubtless been carried somewhat further by the continuation of the terminal building program since 1953.

The dynamic postwar situation produced significant structural changes in the industry. One important alteration involved the number and size of firms. A merger movement resulted in a decline in the number of regulated firms from 20,807 in 1945 to 18,350 in 1954.[93] A corollary development was the progressively greater concentration of business in the hands of larger enterprises. The share of total revenues accounted for by the Class I carriers increased from 68 per cent in 1947 to 79 per cent in 1953.[94] This comparison seri-

[90] I.C.C., Bureau of Transport Economics and Statistics, *Transport Economics* (Oct., 1955), 5; *ibid.*, Statement No. 544, March, 1954.

[91] Computed from American Trucking Associations, *American Trucking Trends* (1955), 5.

[92] Computed from Interstate Commerce Commission, *Statistics of Class I Motor Carriers*, 1947 and 1953.

[93] Interstate Commerce Commission, *Annual Reports*, various issues.

[94] Interstate Commerce Commission, *Statistics of Class I Motor Carriers*, 1947, 3; 1953, 2.

ously understates the trend, since Class I companies were defined as those with operating revenues over $100,000 prior to 1950 and over $200,000 since that year.

Some change in the relative importance of the major functional subdivisions of the industry was also apparent. As indicated in Table 1, the general commodity carrier group grew less than the other two categories shown. The greater growth of the latter groups was a result of increase in the size of Class I carriers and substantial additions to the Class I ranks over the years covered, reflecting significant expansion of smaller firms. On the other hand, the smaller total growth of the general commodity group was achieved with about the same number of firms; that is, through expansion of existing Class I carriers rather than through increase in the size of smaller firms. Although total growth was less in the general commodity segment, individual firms in this area have expanded more than those in the other two groups.

As with all life cycles, maturity brings its own special problems. The sensational postwar growth in traffic and revenues has created new difficulties for the industry. The present railroad response to motor carrier competition is far from lethargic, and active price and service competition is the hallmark of the transport market. Rail-motor rivalry is restrained by regulation, and the railroads have become restive under the shackles. Public policy-makers are considering the wisdom of these restraints and a Cabinet Committee has proposed more active price competition.[95] This recommendation and implementing legislative proposals have aroused the bitter opposition of the motor carrier industry, rallying under the slogan "The Fight for Survival."

Further problems are posed by the fact that motor carriers must depend on primarily political decisions regarding investment in their basic right of way. While public provision of facilities has obvious advantages, problems are created by removing critical questions from the realm of managerial control. The sharp increase in highway use by large commercial vehicles has focused unprecedented attention on problems of highway finance and user contributions. This is part of the general problem of highway inadequacy, and the motor carriers are increasingly involved in struggles to avoid what they consider excessive highway use pay-

[95] Report of the Presidential Advisory Committee on Transport Policy and Organization, commonly called the "Weeks' Committee" since it was headed by Secretary of Commerce Weeks. For a critical review of this report see James C. Nelson, "Revision of Transport Regulatory Policy," *American Economic Review* (Dec., 1955), 910–18.

TABLE 1

Selected Operating Data of Class I Motor Carriers, 1948 and 1953

Indicator	All Class I Carriers			Common Carriers of General Freight			Common Carriers – Other Than General Freight			Contract Carriers		
	1953	1948	Ratio 1953–1948	1953	1948	Ratio 1953–1948	1953	1948	Ratio 1953–1948	1953	1948	Ratio 1953–1948
No. of companies	2,027	1,825	111%	1,100	1,079	102%	660	524	126%	267	222	120%
Group total:[a]												
Assets	$1,207	$565	214%	$834	$389	214%	$289	$133	217%	$84	$44	191%
Operating revenues	$3,493	$1,623	215%	$2,366	$1,161	204%	$885	$388	228%	$243	$114	213%
Vehicle miles	6,802	3,810	178%	3,863	2,253	171%	2,299	1,209	190%	640	347	184%
Average per Co.:[b]												
Assets	$595	$310	192%	$758	$361	210%	$438	$254	172%	$315	$198	159%
Operating revenues	$1,723	$944	183%	$2,151	$1,076	200%	$1,341	$740	181%	$910	$514	177%
Vehicle miles	3,355	2,088	161%	3,512	2,088	168%	3,483	2,307	151%	2,397	1,563	153%

[a] In millions of dollars.
[b] In thousands of dollars.
Source: Derived from Interstate Commerce Commission, *Statistics of Class I Motor Carriers*, 1948 and 1953.

ments, commonly in the form of so-called "third structure" taxes. Such levies have created further complications by fostering a breakdown of highway tax reciprocity among a number of states.

These and other problems of equal importance present a continuing challenge to the motor carrier industry. The founding generation of operators has made an enviable record in leading the way from a hand-to-mouth existence to financial stability. The future course of the industry will depend on the competitive skill of a new management generation and on the soundness of highway finance and regulatory policy that provides the basic rules of the operating environment.

BOOK REVIEWS

Pioneering in Big Business, 1882–1911: History of Standard Oil Company (New Jersey), by Ralph W. Hidy and Muriel E. Hidy. New York, Harper and Brothers, 1955. Pp. xxx + 839. $7.50.

Here, and by no means at long last, is the first volume, planned by the Business History Foundation, on the history of "Jersey Standard." It might well have carried a subtitle "Pioneering in Big Business Historiography, 1947–1955." The Foundation can feel happy in the realization that its chief aim — teamwork research by experienced scholars on the history of the larger corporations — has proved to be practicable. The Standard Oil officials can find deep satisfaction in contemplating the authentic portrait — warts and all — of their forerunners. The authors, already in danger of being "typed" alongside Sidney and Beatrice Webb and Charles and Mary Beard, can assert their individualities by going off on separate studies of trains and trees. And many American historians can face the task of revising their sense of proportion and value judgments.

That revision will not be easy, for the book is long — 718 pages of text, 90 pages of notes and references, 52 tables, two clusters of pictures, and five maps. At first it is slow reading, as legions of men and firms swarm onto the stage in the chaotic competitive Act I, Scene I. The treatment of topics is always thorough, at times too thorough. But the style is generally readable and the relevance of the particulars to the general theme is rarely forgotten. In each chapter the initial paragraph reminds you of the road traveled earlier and gives a hint of what lies immediately ahead. Then the final paragraph summarizes the chapter, and the very last sentence, like the "narrative hook" used by mystery story writers, pulls you on into the next installment. Hence he who runs as he reads can get the gist of the story by reading all the first and last paragraphs; but he will miss the joy of watching the skilled unraveling of a complicated story in which nothing is ever final, no horizon the last one, no competitor the only one, and no problem easy of solution. A patient reading creates a deep and often new impression of what goes into the building of a firm, and still more of a new industry. For the book is far more than a biography of Esso.

The story is divided into two parts. The first, covering the period 1859–1899, is concerned with the movement from early chaos and uncertainty toward combination in the sixties; the emergence of an alliance between several rival owners or majority stockholders; the formalization of that alliance in the Trust (1882); the dissolution of the Trust because of an Ohio Supreme Court judgment (1892); the creation of a new "community of interests" among the detrustified companies by fractional distribution of their stock; the growing importance of Jersey Standard in that community, and its elevation (1899) to the position of a "parent company," both as a large operating unit and as a holding corporation which acquired the stock of the score of other firms in the family. The second and longer part covers the years 1899–1911, winding up with the dissolution of the holding corporation under a barrage of state and federal suits.

These bare bones — or should one say skull and cross-bones? — of the changing organization have often been described, but never with such rich inside information or anatomical precision. Actually the changes were not very im-

portant, much less revolutionary, and were taken rather under legal pressure than because of any strong economic consideration. Far more important was the remarkable continuity of purpose which ran through them from first to last. The expedients, devices, policies, and practices of 1911 were natural developments from the responses made to challenges of the sixties and seventies. Community of interests, or rather "the general interest," was sought from the very start by exchanges of stock among the owner-managers, with a consequent participation in management by all of them. Hence old rivals learned to work together, to reach decisions in committees, to take advantage of the different aptitudes of each member of the team. The conference method and the committee system, backed by consultation of experts and careful collection of the required information, were what the Hidys call "the hallmark" of Standard's management and administrative system. How patiently and thoroughly this procedure was pursued, how fully pro and con were examined in terms of law, technology, economics, and eventually of public relations, before a decision was reached is made clear in scores of illustrations throughout the book.

There was no lack of important decisions to be made in an industry so beset with uncertainties and so prone to extension of its geographical metes and bounds. Should refiners combine horizontally? Should they integrate vertically, and if so, how far: all the way from ownership of wells and production of crude oil through feeding and trunk pipelines, storage tanks, refineries, manufacture of by-products, tank wagons and ships to wholesale and retail distribution? Just as these questions seemed satisfactorily answered in the first oilfield — the Appalachian — a new field was discovered in Ohio-Indiana, then a series of others, in Kansas, California, Oklahoma, Texas, and Illinois. Each of these, often pouring out its product in embarrassing abundance, created new problems. Sometimes the crude was a strange kind — in Indiana it smelled like a skunk and was heavy laden with sulphur — thereby calling for new refining methods or for the development of new markets, *e.g.*, for industrial fuel oil or gasoline. Always a new field meant new competition, and Standard had to decide how far it should commit itself and its capital — of which fortunately there always was a reserve in hand — to cope with rivals. Finally, there were grave problems to be solved in marketing, especially abroad, where one was confronted by the Nobels and the Rothschilds handling Russian oil, by Shell and Royal Dutch pushing the exploitation of yields from Southeast Asia, by costs that were low, and by governments that did not need to be taught the virtues of economic nationalism by American protectionists. No wonder that the life of the top executives and their advisers "consisted largely of trotting from conference room to conference room" (p. 328). Rare were the moments when these men could sit back complacently, feeling they were monarchs of all they surveyed. One wonders what was their stomach ulcer score.

That they did a pretty good job for Standard Oil, for the industry, and the country is the general conclusion of the Hidys. As for the charges hurled against them, the evidence has been very thoroughly examined. On some points it proved insufficient for an informed judgment, especially on price policy and labor relations. On others the record suggests that Standard only did what everybody else did or tried to do in the hectic adolescent days of development, for instance in seeking railroad rebates; that these rebates "were by no means a unitary cause" of Standard's marketing success in the early decades (p. 119); and that "a full historical explanation of the evolution of the rebate system would

be helpful in putting the entire economic and political scene of the post-Civil War period in a truer perspective" (p. 209).

Of Standard's really big mistakes the first was in pursuing too long, then in abandoning too little and too late, the policy of secrecy instituted by John D. Rockefeller, "the apostle of silence," and the consequent refusal to reply to attacks unless forced to do so in court or commission. The second mistake stemmed from "the failure to perceive and evaluate the significance of two basic [American] convictions" (p. 715) — the fear and hatred of monopoly and the belief in equality of opportunity. While monopoly was not easy to define, any enterprise that supplied 80 per cent of a market could not expect to be given the benefit of the doubt, and must therefore use its power with the utmost restraint. The company's lawyers and executives had to learn the hard way that "operation within the letter of the law was not enough, that the law was dynamic, not static," and that "the Supreme Court [like lesser judiciaries] followed popular conviction and the election returns, as it normally does under the democratic process" (p. 717). Hence the Hidys concur with "thoughtful students of later years" in conceding that the 1911 decision "possessed elements of true statesmanship, being at once a punishment for inability or unwillingness to adjust to changed conditions of operations and a recognition that the trend toward organization of business on a large scale was fundamentally sound" (p. 717). All of which provokes the horrible thought that sin, like the law, is dynamic, not static. But I must not start here a soliloquy on sin. Suffice it to say that it would be a heinous crime to withhold high praise from this book.

HERBERT HEATON

University of Minnesota

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Fabulous Dustpan, The Story of the Hoover. By Frank G. Hoover. Cleveland and New York, The World Publishing Company, 1955. Pp. 250. $3.75.

With his father and brothers, Frank G. Hoover was an important member of the family that built The Hoover Company and made "vacuum cleaner" a familiar term throughout the world. Because of the innovations and extraordinary problems involved in introducing one of the first electric appliances for the home, one might expect this story to be an exceptional business history. Unfortunately, it is far from a worth-while study of the company's development. It is a collection of reminiscences and anecdotes, often completely unrelated to the company, geared to either the very young student or the very naive, or perhaps just to the relatives and friends mentioned in the book. Obviously, Mr. Hoover took great pride in his family's successes and in his effort to tell the story of the Hoover, he brought together a number of family stories and favorite company episodes which seemed designed to give the impression that the Hoovers were nothing short of omniscient. Not only does Mr. Hoover fail to make that impression, he simply does not tell the Hoover story, and the conscientious reader will wish he hadn't tried.

What Mr. Hoover might better have written was an autobiography or a biography of his family. Then the reader might have accepted the tales about the way Aunt Polly preserved eggs in oats and how grandfather Daniel Hoover got rid of the mucky flavor in carp, or the stories of the New Berlin ball games and the practical jokes the kids played on the Fourth of July. Instead these are

all interwoven as part of Mr. Hoover's parlor narration in the *Fabulous Dustpan*.

More than one-third of the book is devoted to an account of the leather business started by Mr. Hoover's father. From 1875 to 1918, W. H. Hoover directed a successful leather factory which he adapted to the times, moving from horse collars to automobile accessories to sports goods and finally army equipment. When the war ended, the old company was terminated and all interest was centered on the Electric Suction Sweeper Company which young Herb Hoover had managed since 1908. In that year the Hoover men had taken over the first, faltering sweeper company and had made the inventor of the machine a member of their staff. Over the years The Hoover Company mastered some difficult problems. Perhaps the most interesting was the organization of their selling program which produced the familiar Hoover door-to-door salesman, the service salesman who had to educate the housewife to use an electric sweeper where for centuries she had used an uncomplicated broom.

According to the author, it was always a Hoover policy to hire an expert to handle new or unusual projects. It may be assumed then that the collaborators, Mr. William D. Ellis and Mr. Frank Siedel of Editorial Services, Incorporated, were the literary experts on this book. It is difficult to imagine, therefore, why the book is so poorly edited. A literary style may be friendly and informal, but there is no excuse for careless writing, incredible repetition of words and phrases, and such sentences as, "Starting with these various hunks of stuff you make a cleaner" (page 199) or, "Charlie Wilson rared up out of Minerva to take over the presidency of General Motors Corporation" (page 187). As editorial experts they might have recognized the fact that a tedious and confusing description of an assembly line does not take the place of a clear and comprehensive treatment of a manufacturing process and that doubtful dialogue does not suffice for facts and writing skill. But it seems clear that the collaborators were either quite unfamiliar with the procedures of writing a business history or chose to ignore the standards that make a book valuable.

It is unfortunate that time and money has been wasted on this book. Probably its only value has already been expended in the pleasure it gave Mr. Hoover in writing it. However, he and The Hoover Company executives must have hoped it would have a broader purpose than that. Yet it meets none of the requirements of a business history. Certainly it has no academic value. It contains no real information that could be used within the company for administration, policy-making, or training executives. Even its value for advertising, a minor role of business history, is negligible for it does not have the quality or appeal. How curious it is that a company so conscious of costs and so aware of the importance of its products' usefulness and efficiency should spend money and energy on a book that is devoid of utility. This is a mistake too often made by companies who undertake a history project without acknowledging the fact that the book must be creditable and useful, otherwise it is just another book, unread and unnecessary. It is to be hoped that some day The Hoover Company will have a complete and objective history written, for it is too outstanding a company to let *Fabulous Dustpan* stand as its company record.

ELIZABETH BRICKER CURRIER

Rockford, Illinois

Scientific Management and the Unions, 1900–1932, A Historical Analysis. By Milton J. Nadworny. (Studies in Entrepreneurial History.) Cambridge, Harvard University Press, 1955. Pp. vii + 187. $3.75.

To anyone who has delved into the history of business practices or the development of business ethics, the need for a dispassionate analysis of the work of Frederick Winslow Taylor is so obvious as to require no argument. On the other hand, anyone who has, no matter how tentatively, dipped into the literature of the Taylor movement is not likely to need a reminder of the complexity of the task. Modern business management, in almost every respect, owes a tremendous debt to Taylor and his disciples. But to evaluate that debt, to assess precisely what Taylor contributed and what was contributed, so to speak, in spite of Taylor and in reaction against him, is no easy problem. The source materials are such as to require the most delicate interpretation. Almost without exception they are the by-products of heated controversy, reflecting on the one hand the polemical assertions of Taylor and his disciples and on the other the equally one-sided denunciations of his opponents. There is hardly an item in the relevant historical literature which can be taken at its face value. This applies, in my opinion, not only to such classics as Copley's official biography of Taylor, but also to the more recent publications of those who still think of themselves as in the Taylor tradition. Taylor cast a long shadow. Interpretations of his work, his ideals, and his motives can still generate highly emotional reactions.

Mr. Nadworny's little book is a pioneering first step in the direction of the kind of historical analysis that we require. I call it a first step because it is no more than this — a fact which the author explicitly calls to the reader's attention. With commendable restraint, he confines himself strictly to his chosen field of reference: the interaction between the scientific management movement and the labor movement in the years between 1900 and 1932. These were the years when organized labor first became aware of the Taylor system of management, recognized the threat to its survival that was inherent in Taylor's ideas as originally propounded, and mounted the first full-scale attack against this threat. This is a story, of course, that has been told before, though not from this point of view. I refer specifically to Jean T. McKelvey's recent *AFL Attitudes to Production*, which covers some of the same ground. The two books complement each other very neatly, Mrs. McKelvey's giving more emphasis to changes in the official program of the AFL while Mr. Nadworny focusses on the actions and philosophy of the Taylorites. Both agree that the conflict between the two movements came to a head in 1911, and both give much the same reasons for the subsequent rapprochement in the years after the First World War.

The strongest and most interesting parts of Mr. Nadworny's book are, however, those in which, exploring virgin territory, he presents his analysis of the effects which the opposition of the craft unions had on the precepts and practice of the Taylor movement. This is an original contribution of some importance. We tend to overlook the fact that Taylor's ideas never enjoyed the active support and sympathy of more than a small fraction of the business community. In their original conception and formulation, they were essentially a criticism, and a very damaging criticism, of the way the work of management was actually being done. This is, of course, the real implication of Taylor's oft-repeated assertion that he and his colleagues had been hindered in their work far more by the opposition and indifference of business executives than

by the hostility of labor. Nothing that even resembles general support from the business community is evident until after Taylor's death when, in 1916, the NAM lent its aid in the vain attempt to dissuade Congress from passing anti-time study legislation. And after World War I, when Taylor's original ideas probably stood a better chance of general acceptance than ever before, his disciples in the Taylor Society again set themselves apart from the general trend of business thinking by insisting upon the need for co-operation between management and *independent* unions in any steps taken to improve worker productivity. From start to finish, the Taylor movement represented a fundamental criticism — "condemnation" is hardly too strong — of the way businesses were actually being managed. No interpretation of the Taylor movement that ignores this fact is worth serious attention.

Mr. Nadworny would, of course, be the first to admit that much more research is required before we can claim to have a comprehensive understanding of the impact of Taylorism on American business. The struggle with the unions — and the final rapprochement — may be the most dramatic focus, but it is not the whole story. I have, for example, serious reservations about the emphasis commonly placed on stop watch time study as the key element in the Taylor system of management. To be sure, the stop watch was the symbol around which attitudes tended to crystallize. It was, so to speak, the hallmark of the Taylor engineer. But Taylor's associates were not hired by businessmen to introduce symbols; they were hired to cut costs. How important was stop watch time study — as actually applied by Taylor-trained men — as a means of cost-reduction? This is no easy question to answer. Let us admit first of all that in many plants where they were employed, Taylor's associates were able to effect reductions in costs of production — pausing only to observe that statistical evidence of a type that can be independently verified for specific plants from the original records is at present just not available. What proportion of such reductions in costs could have been achieved without time study (and consequently without the dangers of labor hostility and damage to morale that time study entailed)? Before we can begin to answer this question we require a much closer conception than we now have of the *other* things that Taylor-trained engineers did in plants where they served as consultants. This implies case studies of individual plants. Reference to the "bibles" of Taylor practice will not suffice. As early as 1915 the Hoxie investigation made it crystal-clear that (to quote Mr. Nadworny's words) "there existed little parallel between the writings of the industrial engineers and the use of their methods in the factory." (Page 91.) If we wish to appraise the Taylor system, not as an ideology or a creed, but as a functioning system of management, we have to study it in action, not in terms of the polished rationalizations of the published literature.

My personal impression, for what it is worth, is that in most cases stop watch time study was of relatively minor importance compared with other forms of methods improvements — certainly that it seldom justified, by the economies in costs which it made possible, the interpersonal friction and low morale that it caused. Where substantial reductions in costs were achieved, I would suggest that the factors responsible were probably such things as changes in cost-accounting methods, in stores procedures, in routing, and in purchasing and dispatching. In metal-working establishments, the introduction of high-speed steel and the re-speeding of machine tools were almost cer-

tainly the key factors. In a typical case where a Taylor engineer was hired to reorganize a factory, four matters would receive most of his attention: cost accounting methods, stores procedures, the routing of the product flow, and stop watch time study. That stop watch time study was, in terms of net savings in costs, the least important of the four seems a hypothesis at least worth testing.

Mr. Nadworny's book will probably lead to some reappraisal of Taylor's stature as an innovator and as a person. To appraise the significance of Taylor's innovations really requires, of course, a much more detailed knowledge of shop practice before 1900 than we at present possess. Some of the research that has recently been done on the inside contract system offers promising leads in this direction. Still more helpful would be a historical analysis of the role of the shop foreman. How much truth was there in Taylor's assertion that, around 1900, every shop in the country was, in effect, run by the workers and not by the employers? Research along these lines would offset the over-emphasis which has been placed on methods of wage payment. Regarding Taylor as a person, the picture that emerges from Mr. Nadworny's book is in some respects hardly flattering. Some readers may suspect a certain bias on the part of the author; if so, they are at liberty to refer, as he has done, to the collection of Taylor's original correspondence at Stevens Institute. In terms of his own written words, Taylor was frequently his own worst enemy. What are we to make of a man who says, on the one hand, that maximum efficiency in a plant is impossible without "close, intimate, personal cooperation between the management and the men" (a statement with which we would all surely agree) and then proceeds to define co-operation as a situation in which the workmen "do what they are told to do promptly and without asking questions or making suggestions"? C. Bertrand Thompson of Harvard Business School once described Taylor as "an autocrat by birth, training, and experience" — and was rapped over the knuckles by Taylor for doing so. An autocrat he was, certainly. But there is something a little pathetic in the spectacle of this autocrat, his creative force spent, clinging to the most uncompromising tenets of his faith with a stubbornness that only increased, the more untenable his position became. If there is a "hero" in this book, it is not Taylor but Robert G. Valentine, a man who surely deserves a biography of his own. That Taylorism remained for so long a creative element in American business was due in no small measure to Valentine and his fellow "revisionists" — Van Alstyne, Tead, Wolf, and Cooke.

Enough has been said to indicate that this is an important book — important not only for what it does but also for what it indicates is still to be done. American business has always suffered, ideologically, from its lack of a clear sense of tradition. To make clear the nature and meaning of this tradition is the task of business history. Critical reappraisals of what has been attempted and achieved in the past, such as that which Mr. Nadworny's study has undertaken are an essential part of that task.

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The Big Business Executive. The Factors that Made Him, 1900–1950. By Mabel Newcomer. New York, Columbia University Press, 1955. Pp. xii + 164. $4.00.

Miss Newcomer's book can best be classified as the raw material from which history is written rather than as history itself. Its nature may be judged by the fact that its 154 pages of text include 62 tables. I do not intend to suggest that this is a fault; on the contrary, it is an impressive demonstration of the thoroughness with which the author has done her work. It does, however, mean that the book is a series of still pictures rather than a continuous motion picture.

What Miss Newcomer has done is take the presidents and board chairmen of the largest railroad, public utility, and industrial corporations for the years 1900, 1925, and 1950, and see what manner of men they were. She has investigated family backgrounds, religious and political affiliations, racial origins, education, and early business career. In addition she has gone into the problems of the nature of the executive function in the modern corporation and the professionalization of management.

In general, Miss Newcomer's conclusions confirm the results of recent research in business and entrepreneurial history. No one familiar with the field is going to be particularly surprised to learn that the typical corporate executive emerges as native-born, white, Protestant, Republican, and from a middle- or upper-income family; or that a college degree has increasingly become a prerequisite. There are, however, enough fresh points of view to make the book a valuable contribution to the literature of business history. Two points in the analysis of the executives come to mind: first, over the fifty-year period of this study, the proportion coming from upper-income families has declined perceptibly in favor of those from moderate-income families; secondly, most of these men were sons of small-scale, independent businessmen, but there is a steady decline in the proportion originating from this source and a steady increase in the proportion of executives where fathers were employees of corporations. Very few of the executives have had independent business experience.

The most original feature of the book is its study of the interrelationships between company and executive. Miss Newcomer points out that in large corporations "inside" boards of directors (that is, boards made up of company officers) predominate over boards composed of outsiders. In theory this practice should encourage inbreeding and lack of responsibility on the part of management; in operation, nothing of the sort has happened. The corporations with inside boards, indeed, show up better in most respects than the others. Stock ownership by executives in the corporations they administer has become so negligible for purposes of control that it can be disregarded — here, the author suggests, is a clear sign of the professionalization of management. Another conspicuous and certainly significant trend is that toward group rather than individual decisions on business policy.

One part of the pattern which the author views with some disapproval is the tendency of large corporations to select their top executives from within the organization. She feels that this policy needlessly restricts the amount of talent available for choice. It may also favor the specialists to the exclusion of the broadly trained man. Miss Newcomer has raised a problem here which affects the academic as well as the business world. In recent years especially, heads of business organizations have pleaded for liberally educated men in management, but these pleas apparently do not percolate to their own personnel organiza-

tions, which make little effort to recruit such men from the colleges. The men who are hired, some of whom will eventually rise to the top level of management, are the engineers, accountants, statisticians, etc. Graduate schools of business administration may provide some antidote, but they have not been in existence long enough to affect the present pattern.

This argument is not necessarily all on one side. I was especially interested in the marked increase in the proportion of engineers among heads of corporations during the last half century. This particular item can be explained on the ground that railroad, public utility, and industrial corporations have become operations of such a nature that their upper levels of management must have some technical training. It may also be explained on the ground that there are more engineers in the total population than was the case fifty years ago.

At any rate, it should be evident that, while this is a small book, it has a great deal in it. No student of economic or business history can afford to ignore it.

John B. Rae

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A History of the Massachusetts Hospital Life Insurance Company. By Gerald T. White. Cambridge, Harvard University Press, 1955. Pp. xvii + 229. $5.00.

The origins of institutions often shed light on the course of their subsequent development. It is, however, not always a simple matter to penetrate the haze that frequently encompasses these beginnings. Part of the difficulty stems from the frequent unavailability, destruction, or disappearance of essential material; part is due to the obstacles posed by the formidable amount of painstaking research required. Persistent delving and digging into this source material is a slow and tortuous process but offers rich rewards to the investigator. On the basis of these efforts, the historian is enabled to trace the story of individual companies and to hope to derive therefrom a history of an industry.

Gerald T. White's volume is a felicitous illustration pointing up the importance of company origins. When originally chartered in 1818, the Massachusetts Hospital Life Insurance Company was intended to be primarily a life insurance company, but it soon veered away from its initial objective to become a pioneer in the trust and investment field. This was in an era when financial institutions were much less specialized than in the present day, and hence probably had a greater capacity for adaptation and resiliency.

Devised as a scheme to raise funds to help defray the expenses of the Massachusetts General Hospital, the Massachusetts Hospital Life, in its formative stages, gained decided advantages from its charitable orientation. In the long run, however, this proved to be a serious obstacle to much-needed growth. The company's connection with the Hospital was an important reason for its failure to develop an aggressive spirit. It was also responsible for an early established conservatism that "blinded the company's officials to new developments, practices, and opportunities which they might have seized to advantage." (P. 22.)

Particularly rewarding portions of the volume are those describing and evaluating the investment policies of the company and the management of its funds over a time span of over a century and a quarter. It is evident that the source material on which these aspects of the study are based are particularly rich and abundant. The author's scholarly historical labors are quite patent in these sections. There is also evidence of painstaking research underlying Mr. White's treatment of other essential segments of the company's history. The reader gains a general notion of the evolution of managerial policies and the broad lines of decision. He also is made aware of the nature of and changes in its clientele during the various eras of its existence. The author does not neglect to relate briefly company developments to those of firms in similar fields.

Why did the company, after an initial period of rapid advance, stop growing and eventually go through a precipitous decline that almost led to its downfall in the Great Depression beginning with 1929? The Massachusetts company went through a painful reorganization in 1937 and subsequent years, and the author notes that it is presently waging a vigorous campaign to regain its place in the American trust and investment company sun. Mr. White does not venture a positive answer as to why the company started slipping. The editors of the volume, Henrietta M. Larson and Thomas R. Navin, in their introduction attribute this cautious approach to the absence of studies of the experience of other companies in the trust, investment, and related fields.

Although the author correctly points to the charitable orientation of the organization in its early periods as an important barrier to much-needed growth, he fails to draw the logical conclusion from other facts that he presents. Thus he states, without comment, as follows: (P. 106.)

> Four of the 13 directors of the company in 1900 were grandsons of founder-stockholders. Each had succeeded his father as a director of the company. Most of the other directors were members of families in which there had been predecessor stockholders. In fact, the names of the executives and directors suggest that office-holding in the company had become almost a matter of inheritance.

While it is conceivable that ability may be inherited and that all of these executives and directors chosen on the basis of inheritance may have been fully competent to conduct the affairs of the firm, one wonders, however, whether this was not conducive to the development of excessive conservatism and timorous clinging to outmoded methods and antiquated procedures. Such institutional ossification may have been a factor in the Massachusetts Hospital Life's decline and near fall.

On the whole, the author performs his task well in tracing the vicissitudes of the company. He writes in a clear and highly compact style, and employs an analytical approach. His work should prove to be a useful starting point for those interested in exploring further the colorful but still largely unexplored past of American trust and investment institutions.

HARRIS PROSCHANSKY

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Occupational Mobility in American Business and Industry, 1928–1952. By W. Lloyd Warner and James C. Abegglen. Minneapolis, University of Minnesota Press, 1955. Pp. xxi + 315. $3.50.

American business leaders have often been the subjects of individual biographies, but until quite recently few attempts have been made by sociologists or economists to study the group as a whole. The one important exception to this is the study, *American Business Leaders*, made by F. W. Taussig and C. S. Joslyn in 1928, which was based on data derived from questionnaires sent to several thousand top businessmen.

The current study by Warner and Abegglen covers much the same ground as the 1928 study and uses much the same techniques. It was specifically planned to obtain strictly comparable data for the 1952 businessmen so that trends from the 1928 to the 1952 business generations could be clearly traced. A number of other studies that have been made in recent years cover part of the field of the study under review, both for the current and earlier generations, but most of them are limited in their conclusions concerning trends by the fact that the data for different periods are not entirely comparable. Moreover, none of the recent studies deals with as large a group as this one. (More than 8,000 replies were received to the questionnaires.) Consequently, for the groups, the periods, and the specific factors included, this is sure to become the definitive source in this field of study.

The book is designed as a source book for students of this problem. The statistical data are presented in 132 text tables, supplemented by 77 more tables in the appendix. The accompanying text deals more with explanations of methods and the reliability of the data than with interpretation of the findings. Extensive interpretation is reserved for another less technical volume by the same authors. However, the main conclusions are clearly stated.

The principal concern of the authors, as the title indicates, is with occupational mobility. To this end the study has included occupations of the fathers and grandfathers of the businessmen, as did the Taussig and Joslyn study, and in addition the occupations of their wives' fathers. The main conclusion with regard to such mobility is that occupational succession is "more fluid" than in 1928 and that more "vertical mobility" has been taking place. This does not bear out the Taussig and Joslyn prediction of increasing inbreeding, but it does confirm the findings of other more recent studies of this question. Other findings cover territorial origins, education, and direct assistance from family and friends as influences on the choice of occupation and on business success. All these factors have been related, also, to the size of the business with which the executive is associated, and to the growth of the business during the period in which the executives in question were in office. The findings relating to the last factor are highly tentative owing to limitations of the data.

The authors have been careful in their methods, and have frequently cautioned the reader with regard both to the limitations of their data and the conclusions to be drawn from them. This excellent workmanship, the strict comparability of the data with the data of the Taussig and Joslyn study, and the sheer weight of the number of cases give the findings of this study an unusual degree of validity. For the most part, the conclusions agree with those of the other more limited studies insofar as they overlap. On the other hand, they

contradict many of the popular beliefs which the authors have listed in their introduction. The book as a whole is an important addition to our knowledge in this field.

MABEL NEWCOMER

Vassar College

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Merchants, Farmers, & Railroads: Railroad Regulation and New York Politics, 1850–1887. By Lee Benson. (Published in Co-operation with the Committee on Research in Economic History.) Cambridge, Harvard University Press, 1955. Pp. 310. $5.50.

This book is one of the latest attacks upon the Turner school of historical interpretation. Specifically, as the subtitle indicates, it is concerned with events in New York State between the adoption of the Free Railroad Law by the New York Legislature in 1850 and the passage of the Interstate Commerce Commission Act by the United States Congress in 1887. The first measure, in the words of the author, was "perhaps the most sweeping legislative endorsement of *laissez faire* in American history"; the second "formally signaled the end of *laissez faire* in transportation and presaged its eventual decline in all other important segments of the national economy." (P. vii.) It is Dr. Benson's contention that commercial interests, both East and West, early took the lead in the antirailroad movement and that after 1873 agitation was largely centered in New York City. In developing this thesis he minimizes the role of the dirt farmers of the West in the demand for public control of transportation.

The New York Free Railroad Law of 1850 provided that any 25 persons merely by filing articles of incorporation could form a railroad company that was almost unhampered in its activities. Such limitations as were included in the law, in practice were ignored with impunity. Other states followed the lead of New York in granting wide powers to railroad corporations. Such a policy not only encouraged a disregard of the public interest on the part of individual lines, but it also permitted the multiplication of roads beyond the point at which the "natural law" of competition would operate. According to Dr. Benson, the resulting rate wars, by lowering transportation costs, served to quiet agitation in the West, but "in New York City and State they had the opposite effect." After 1873 "trunk-line officials found it necessary, or desirable, to re-arrange rate and traffic patterns at the expense of an ever widening circle of economic groups in and out of the metropolis." (P. 27.) In other words, the railroads entered into pooling agreements which operated to the disadvantage of the port of New York. To Dr. Benson the threat of the trunk lines to the locational supremacy of New York City explains why that city's merchants "played *the* leading role in the campaign to achieve national regulation of railroads." (P. 52.) (Italics have been supplied by the reviewer.)

The fact that the complaints of eastern shippers, including the merchants of New York, influenced the deliberations of Congress preceding the passage of the Interstate Commerce Commission Act has always been accepted by thoughtful scholars. Dr. Benson's deviation lies in the degree of emphasis which he places upon the influence from that quarter. The evidence which he presents is impressive, but it is also one-sided. If, for instance, he has investigated the western contribution to the agitation for federal control of the railroads in the

latter 1870's and the 1880's with anything like the meticulousness which he has lavished upon his inquiry into the activities of the New York mercantile community, that is not apparent in his book. Occasionally he says, in effect, "Of course, there were other factors" (see, for example, pp. 27, 52, and 242), but he does so half-heartedly and without even minor damage to his frequently reiterated theme that the "New York merchants led the counterattack designed to thwart the excesses of the railroad revolution." (Pp. 241–42.)

To this reviewer, the book's most valuable contribution is to be found in the accounts of movements and developments, which, while not ungermane to the author's argument, could stand alone as pieces of historical writing. Here should be mentioned the section on the history of the National Farmers' Alliance (pp. 109-14), in which is presented new information concerning the early development of the organization. Attention should also be drawn to the two chapters on the Hepburn Committee Investigation. The growth of the demand for the investigation is painstakingly traced and a concise account of the findings of the Committee and the effects of the findings is given. There is also some interesting material on the early career of Grover Cleveland. In the campaign of 1884, says Dr. Benson, "the reform groups were far more concerned with Cleveland's failings on the major issues of the day [for example, antimonopoly] than they were with his alleged lack of personal morality." (P. 201.)

The decision of the publishers to group the footnotes at the back of the book was especially unfortunate in the case of *Merchants, Farmers, & Railroads*, for the citations are unusually full and contain much information which should be more readily available to the reader. The volume might also have been improved by a more complete index.

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